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## *Research Papers*

## IMPACT OF FINANCIAL DEEPENING ON CAPITAL FORMATION IN NIGERIA

**Ogar Anthony and Oka Felix Arikpo**
Department of Banking & Finance, Faculty of Management Sciences, University of Calabar, Calabar, Nigeria

**ABSTRACT**
*This study examined the impact of financial deepening on capital formation in Nigeria. The study specifically assessed the relationship between the ratio of private sector credit to GDP, the ratio of broad money supply to GDP, the ratio of Gross domestic investment to GDP, interest rate spread and gross fixed capital formation in Nigeria. To achieve these objectives, the study adopted an ex-pose facto research design. The desk survey method was used to collect time series data from the CBN statistical Bulletin for 1986 to 2014. The ordinary least squared multiple regression technique was used to analyse the data. Result from the analyses revealed that the ratio of private sector credit to GDP and the ratio of broad money supply to GDP have positive but insignificant relationships with capital formation in Nigeria. Again, gross domestic investment to GDP has a significant inverse relationship with capital formation while interest rate spread has a significant positive relationship with capital formation in Nigeria. On the basis of these findings, it was recommended that the gap between lending rate and deposit rate should be bridged by the regulatory authorities through monitoring the rate of interest charged by financial institutions on loans and deposits. Also, financial institutions should carefully appraise potential borrowers' character and purpose to ensure that the problem of adverse selection is drastically reduced and to enhance loan and interest repayment. Lastly, banks should evaluate the financial needs of the masses and develop financial instruments to satisfy this wants, this will enhance the deepening of the financial system and boost capital formation.*

*Keywords: Financial deepening, Capital formation, Money Supply, interest rate spread*

## INTRODUCTION

Financial deepening implies the ability of financial institutions to effectively mobilize savings for investment purposes. The growth of domestic savings provides the real structure for the creation of diversified financial claims. Financial deepening generally entails an increased ratio of money supply to Gross Domestic Product (Popiel, 1990; Nnanna and Dogo, 1999) and Nzott, 2004). The sum of all the measures of financial assets gives us the approximate size of financial deepening. That means that the widest range of such assets as broad money, liabilities of non-bank financial intermediaries, treasury bills, value of shares in the stock market, money market funds, etc, will have to be included in the measure of financial deepening.

Indicators of financial deepening differ in economies and between the countries. It is also possible that, different financial markets have different levels of financial deepening, for example, the countries that have efficient financial systems have higher financial deepening ratios. The share of assets in GNP of developed countries' financial markets is greater than that of the developing countries (Jovanovic, 1990).

The financial system has been acknowledged globally to play a catalytic role in the economic development of nations (Sanusi, 2009). It plays a key role in the mobilization and allocations of savings for productive use, provides structures for monetary management, the basis for managing liquidity in the system. It also assists in the reduction of risks faced by firms and businesses in their productive processes, improvement of portfolio diversification and the insulation of the economy from the vicissitudes of international economic changes.

The increasing deepening and expansion of the financial system is expected to lead to increased variety of financial instruments not only in the banking subsector but also in the capital market. Greater availability of varieties of financial institutions and instruments is expected to deepen the financial system. Financial deepening can be measured using several kinds of indices, a few of these are: the ratio of the growth rate of broad money (M2) to that of the gross domestic product; ratio of Total banking assets to GDP, Gross Savings in the economy to GDP as well as Gross Domestic Investment to GDP as well as the Interest Rate Spread (i.e the difference between lending rate and deposit rate). The more deepened the financial system the more expanded the level of output and investment or capital formation in an economy.

Capital formation has been defined as the proportion of present income saved and invested in order to augment future output and income (Bakare, 2011). It results from acquisition of new factory along with machinery, equipment and all productive capital goods. Capital formation is equivalent to an increase in physical capital stock of a nation with investment in social and economic infrastructure.

Barker (2011) noted that gross fixed capital formation can be classified into gross private domestic investment and gross public domestic investment. The gross public investment includes investment by government and

public enterprises while gross private domestic investment is investment by private enterprises. Gross domestic investment is equivalent to gross fixed capital formation plus net changes in the level of inventories.

Lucas (1988) predicts that increased capital accumulation can result in a permanent increase in investment. Capital naturally plays an important role in the economic growth and development process. It has always been seen as potential growth enhancing player. Capital formation determines the national capacity to produce, which in turn, affects financial deepening. Deficiency of capital has been cited as the most serious constraint to sustainable economic growth.

The process of capital formation according to Jhingan, (2006) involves three inter-related conditions: The existence of real savings and rise in them; the existence of credit and financial institutions to mobilize savings and to direct them to desire channels and to use these savings for investment in capital goods. The government of Nigeria in 1986 considered the need for improvement in capital information and pursued an economic reform that shifted emphasis to private sector. The public sector reforms were expected to ensure that interest rates were positive in real terms and to encourage savings, thereby ensuring that investment funds would be readily available to the real sector. This study is designed to examine the impact of financial deepening on the capital formation in Nigeria.

## 1.2 STATEMENT OF THE PROBLEM
The low level of capital formation in Nigeria has been blamed on the low level of savings occasioned by the low income level and high level of consumption which have reduced the ability of banks to create money through intermediation and contribute to the lack of investible funds in the country. Firms suffer severely for lack of funds to expand their activities and run their daily operations. Banks cannot mobilize adequate deposits from the public because the banking public lacks the funds to invest in the securities of financial institutions. This discourages financial innovations and increases financial shallowness.

The consequences of these are many as firms do not have adequate funds to finance their operations which further reduce the volume of deposits mobilized and the credit creation in the financial sector. The lack of investible funds renders firms illiquid and contributes to their inability to acquire modern technology and fund their expansion. This further encourages financial shallowness and reduces the growth in the financial sector and the capital formation. This study is meant therefore to examine the impact of financial deepening on capital formation in Nigeria.

## 1.3 OBJECTIVE OF THE STUDY
The major objective of this study is to examine the impact of financial deepening on capital formation in Nigeria. The specific objectives include:

(i) To examine the relationship between money supply to GDP and gross fixed capital formation in Nigeria;

(ii) To assess the relationship between private sector credit to GDP and gross fixed capital formation in Nigeria;

(iii) To ascertain the relationship between gross domestic investment to GDP and gross fixed capital formation in Nigeria;

(iv) To determine the relationship between interest rate spread and gross fixed capital formation in Nigeria.

## 1.4 RESEARCH QUESTION
The following research questions have been formulated for this study:

(i) What is the relationship between money supply to GDP and gross fixed capital formation?

(ii) How does private sector credit to GDP relate with gross fixed capital formation in Nigeria?

(iii) To what extent does gross domestic investment to GDP relate with gross fixed capital formation in Nigeria?

(iv) What is the relationship between interest rate spread and gross fixed capital formation in Nigeria?

## 1.5 RESEARCH HYPOTHESES
The study was built on the following hypotheses:

$H_0$: Money supply to GDP has no significant relationship with gross fixed capital formation in Nigeria;

$H_0$: Private sector credit to GDP has no significant relationship with gross fixed capital formation in Nigeria;

$H_0$: Interest rate spread has no significant relationship with gross fixed capital formation in Nigeria;

$H_0$:     gross domestic investment to GDP has no significant relationship with gross fixed     capital formation in Nigeria;

## LITERATURE REVIEW AND THEORETICAL FRAMEWORK
### Theoretical framework
Two theories were reviewed in this study, the include supply leading theory and Goldsmith theory. The study is however anchored on the supply leading theory.

## THE SUPPLY LED FINANCE THEORY
This theory was first developed by Patrick (1966), who "stressed that finance is one of the leading aspects of economic development". Supply led finance theory is growth inducing or growth induced, which means finance is the most significant factor for promoting economic development. The provision of funds through financial institutions to support the creation, transformation, expansion of industries and developmental projects is an element of the supply led theory.

Furthermore, the supply-led finance theory can simply be described as the establishment of financial institutions in some areas before their products and services are effectively demanded. In 1976, Pius Okigbo's financial review committee in Nigeria, with respect to rural banking schemes (BS) in 1977 and the introduction of community banking system in 1990 to help encourage savings mobilization and credit expansion were direct reactions to the supply-led finance theory. In this theory, finance is regarded as a means of promoting small enterprises. In this case, productive resources are often transferred from non-growth sectors to growth or modern sectors of the economy to boost entrepreneurial development in the economy. Access to supply-leading finance creates enabling financial environment for entrepreneurs to think big (Patrick, 1966).

## 2.1.2   GOLDSMITH THEORY
Goldsmith (1969) was one of the foremost to recognise the role of financial intermediaries in the institutionalisation of savings. Since the growth process is financed either through domestic funds or foreign funds or both, the sources and uses of funds and their method of financing throw light on the factors determining the demand for funds. In this context, the role of financial intermediaries in mobilizing savings and channelling them to various sectors become crucial. Recognising this, Goldsmith analysed the volume of assets of various financial intermediaries, trends in their types and distribution, in relation to long-run economic growth According to Goldsmith, the development of financial intermediaries and the trend of their share in national asset and wealth particularly are important from the economist's point of view. It indicates the extent and character of financial interrelations, which in turn helps to determine how capital expenditures are financed and how existing assets are shifted among owners.

These together are important in directing the flow of savings into investment and also their size, which in turn stimulates economic growth. Goldsmith (1958) illustrates that despite the growth of all financial intermediaries in the first half of the twentieth century, the claims of non-bank financial intermediaries increased relative to the claims of demand deposits of commercial banks thereby diminishing their importance among all financial intermediaries. This implied that with the relative decline in the share of commercial banks, the ability of the central banks to control economic activity weakens and it called for a direct control of the non-bank intermediaries.

Goldsmith (1969) found that the nature of financial structure in less developed countries as compared with developed ones is such that a small proportion of primary securities to Gross National Product and aggregate saving is issued by individual economic unit, which is acquired through financial intermediaries. Besides, the central bank accounts for about two-thirds of all claims on financial intermediaries, which are held by the public. This implies that there is greater dependence on self-finance and thereby hardly any direct contact between the primary borrower and the ultimate lender. He demonstrated that as real income and wealth increase both in terms of aggregate and per capita levels, the size and complexity of the financial super structure also grows. Economic growth was associated with expanding size and increasing complexity of financial structure.

## REVIEW OF EMPIRICAL LITERATURE
Torbira and Ogbulu (2014) empirical investigation into the relationship between fund mobilization by insurance companies and gross fixed capital formation (GFCF) in Nigeria and specifically how the latter responds to stimuli emanating from the insurance companies. A five variable-predictor multivariate regression model was estimated and analyzed. The short run results reveal those four explanatory variables namely: premium from fire, accidents, motor vehicles and employee liabilities insurance policies positively and insignificantly correlate with Gross Fixed Capital Formation while the relationship between premium from marine insurance policies and GFCF is both negative and insignificant. In the long run, the fund mobilization variables by insurance

companies positively and significantly impact on the growth of gross fixed capital formation. In addition, the Granger causality test provides no evidence of causality among the variable.

Pathania (2013) examined linkages between export, import and capital formation investigated by time series econometric techniques like Unit root test, Co-integration and ranger causality during the period of 1991 to 2010 for India. This study checked that whether there is uni-directional or bidirectional causality between export, import and capital formation in India. In this paper, the results reveal that there is bidirectional causality between gross domestic capital formation and export growth. The traditional Granger causality test also suggests that there is uni-directional causality between capital formation and import and export.

Ugwuegbe and Uruakpa, (2013) investigated the impact of capital formation on economic growth in Nigeria. To analyze the impact of capital formation, stock mar ket capitalization, inflation rate and interest rate on economic growth, the study employed Ordinary least square (OLS) technique. To test for the properties of time series, phillip-perron test was used to determine the stationarity of the variables and it was discovered that gross fixed capital formation and economic growth are integrated of order zero I(0), Johansen co integration test was employed to determine the order of integration while error correction model was employed to determine the speed of adjustment to equilibrium. The empirical findings suggested that capital formation has positive and significant impact on economic growth in Nigeria for the period under review.

Kanu & Ozurumba, (2014) examined the impact of capital formation on the economic growth of Nigeria using multiple regressions technique. It was ascertained that in the short run, gross fixed capital formation had no significant impact on economic growth; while in the long run; the VAR model estimate indicates that gross fixed capital formation, total exports and the lagged values of GDP had positive long run relationships with economic growth in Nigeria. It was equally ascertained that there exists an inverse relationship between imports (IMP), Total National Savings (TNSV) and economic growth; while GDP was seen to have a unidirectional causal relationship with export (EXP), Gross fixed capital formation (GFCF), Import (IMP) and total national saving (TNSV).

Ajao (2011) in his study concludes that long-term capital formation in Nigeria were not majorly sourced from the capital market as the above result shows the marginal contribution of Market Capitalization and New Issues to Gross Fixed Capital Formation. Though, it is unarguable that when investors take position for profit, it can affect the level of wealth which can then be used to build private capital. This result is in line with the findings of Sarkar (2006) where he concludes that there exist no meaningful relationship between stock market capitalization and gross fixed capital formation.

Orji and Mba (2011) in their study looked at relationship between FPI, Capital Formation and Growth, in Nigeria using the two-stage least squares (2SLS) method of estimation. The study finds that the long run impact of capital formation and foreign private investment on economic growth is larger than their short-run impact. There is thus, a long-run equilibrium relationship among the variables as the error correction term is significant, but the speed of adjustment is small in both models. In their result, the two stage least squares estimates are very close to the OLS estimates suggesting that OLS estimates are consistent and unbiased. Hence, endogeneity was not a problem in the estimated models. There is therefore no simultaneity between GDP growth and capital formation model. These findings therefore have some policy implications as discussed in the work.

Adekunle and Aderemi (2012) examined the relationship between Domestic Investment, Capital Formation and Population Growth in Nigeria he used Secondary data from the Central Bank of Nigerian, for capacity utilization, capital expenditure bank credit and capital formation while growth and investment rates from World Economic Information database were used. Their result shows that the rate of investment does not assist the rate of growth of per capital GDP in Nigeria. The paper tests on the curve estimation regression models confirm that growth is in existence but is found to be insignificant. The linear result indicates the importance of government expenditure, capacity utilization and bank credit in increasing the income of Nigerians. The results also show that there is negative relationship between growth rates of the population and capital formation. With the curve estimation method results, investment rate can engender growth in the economy though slowly, on a linear path.

Nguena and Abimbola (2013) investigated the implication of financial deepening dynamics for financial policy coordination in the West African Economic and Monetary Union sub-region (WAEMU). They adopted a hypothetical-deductive theoretical approach and an empirical investigation in both static and dynamic panel data econometrics. The study recommended the implementation of a financial policy directed at increasing the level of savings rate, GDP per capita growth rate and density. It also recommended the reduction of the level of reserves in the sub-region

Donwa and Odia (2009) considered the impact of globalization on the gross fixed capital formation in Nigeria from 1980 to 2006.Using the ordinary least square, it was found that globalization proxy by openness was negatively and insignificantly related to gross fixed capital formation. In other words, globalization has not helped in assisting fixed capital formation. Foreign Direct Investment and Gross Domestic Product were positive and significant while exchange rate had a negative impact on GFCF. Interest rate had positive and insignificant relationship with GFCF. Suggestions on how Nigerian could benefit from globalization and improve on her gross fixed capital formation were proffered.

In South Africa, Jalil, Wahid and Shahbaz (2010) investigated the relationship between development of the financial sector and economic growth. They used time series data for the period 1965-2007 and set the estimation strategy under the ARDL model. The variables used for financial deepening were liquid liabilities to nominal GDP (M2/GDP), credit to private sector to nominal GDP, Commercial/Central Bank asset ratio. The researchers found a positive monotonic relationship between financial development and economic growth for South Africa. Trade openness and per capita real capital were found as the other important determinants of economic growth.

Onwumere, Ibe, Ozoh and Mounanu (2012) examined the impact of financial deepening on economic growth from a Nigerian perspective and adopted the supply-leading Hypothesis. The researchers used variables such as broad money velocity, money stock diversification, economic volatility, market capitalization and market liquidity as proxies for financial deepening and gross domestic product growth rate for economic growth. Their study adopted a multiple Regression Model (MRM).and revealed that broad money velocity and market liquidity promote economic growth in Nigeria while money stock diversification, economic volatility and market capitalization did not within the period studied (1992-2008).

At a country level in Malaysia, Ang (2007) examined to what extent financial development contributed to output expansion during the period 1960-2003. Using augmented neoclassical growth framework to provide an evaluation of the impact of financial sector development on economic development and the Autoregressive Distributed Lag model (ARDL) bounds procedure, the researcher found that aggregate output and its determinants are co integrated in the long-run, suggesting that financial development, private capital stocks and the labour force exert a positive impact on economic development whereas the accumulation of public capital appears to curtail output expansion in the long run.

In the study conducted on Northern Cyprus, Guryay, Safakli and Tuzel (2007), examined the link and causal relationship between financial development and economic growth. Applying the tool of Ordinary Least Squares (OLS), the authors utilized time series data for 18 years, covering the periods of 1986-2004. Their findings revealed an insignificant positive relationship between financial development and economic growth. Another important finding worthy of reporting has to do with the direction of the causality between the two variables. Results from this test revealed that the causality runs from economic growth to financial development.

Nzotta (2009) did an empirical investigation on financial deepening and economic development of Nigeria between 1986 and 2007. In the analysis, financial deepening defined as the ratio of money supply to GDP, was a function of nine variables namely: the value of cheques cleared to GDP, value of cheques to money supply, ratio of private sector credit to GDP, financial savings to GDP, rate of inflation, real lending rates, deposit money bank assets to GDP and currency outside banks to money supply. The study found that financial deepening index is low in Nigeria over the years. But four of the variables; lending rates, financial savings ratio, cheques/GDP ratio and the deposit money banks/GDP ratio had a significant relationship with financial deepening. The study concluded that the financial system had not sustained an effective financial intermediation, especially credit allocation and a high level of monetization of the economy.

Bwire and Musiime (2006) investigated the connections between financial development and economic growth in Uganda during the period 1970-2005 through the use of modern multivariate technique and Granger causality test. They found significant evidence that financial sector reforms adopted in the early 1990s have generally had positive contributions to the real GDP of Uganda. In addition, the study concluded that financial development was necessary, but not a sufficient condition for stimulating economic growth.   In the Kenyan perspective, Odhiambo (2008) using time series of the period 1968–2002 and adopting a dynamic causality model investigated the causality between financial development and economic growth in Kenya. The study used broad money (M2), currency ratio (CC/M1) and credit to private sector as proxies of financial development. The results suggested that causality between financial development and economic growth depends on the proxy used for financial development in Kenya, and that causality on the balance runs from economic growth to financial development.

Waiyaki (2013) carried out an assessment of the relationship between financial development, economic growth and poverty in Kenya for the period 1997-2012. The study attempted to determine the direction of causality between financial development and economic growth as well as the effect of financial development on economic growth with a focus on the banking sector, and the stock market in Kenya. The variables used included broad money supply M3, credit to private sector, bank deposits, stock market capitalization, stock market turnover and volume of stocks traded. The study used OLS method under the PARCH model. The findings show that some financial development variables such as M3 and credit to the private sector did not lead to growth while bank deposits did during the period of the study.

Uddin, Sjö and Shahbaz (2013) looked at the relationship between financial development and economic growth in Kenya over the period of 1971-2011. The study was based on a Cobb-Douglas production augmented by incorporating financial development. The study established that, in the long run, development of financial sector, (measured by domestic credit provided by banking sector; domestic credit to private sector; money plus quasi money (M2) as a ratio of money (M1) had a positive impact on economic growth.

Onuonga (2014) examined relationship between economic growth and financial development in Kenya over the period 1980–2011. Financial development was measured by M2 and domestic credit to the private sector. The study used autoregressive distributed lag framework and Granger causality analysis to determine the direction of causality. Findings indicated that there was a stable long-run relationship among, financial development, trade openness and economic growth in Kenya. It also found that financial development had a significant positive effect on economic growth. The interpretation of the findings implied that financial development accelerated and augmented economic growth in Kenya and that economic growth led to development of the financial sector in Kenya.

King and Levine (1993) conducted a cross country analysis as well as a pooled cross country, time series study using Barro's endogenous growth models to examine the link between financial development and economic growth. The measures of financial development was done using several indicators such as the ratio of liquid liabilities of banks and nonbank institutions to GDP(M2/GDP), ratio of bank credit to the sum of bank and central bank assets, ratio of private credit to domestic credit and ratio of private credit to GDP. They found that the average level of financial development for the period. 1960-89 is very strongly associated with growth.

## RESEARCH METHODOLOGY
The exploratory and ex-post facto designs will be adopted for this study. The exploratory design will enable the study to gather relevant materials from text books, journal articles while the ex-post facto design will be used to collect, record, analyse and test the study's hypothesis and answer the research questions. This design is relevant to this study because it does not provide the researcher an opportunity to control the variables mainly because they have already occurred and cannot be manipulated.

Time series data will be collected for the period 1986 to 2014 on financial deepening variables like broad money supply to Gross Domestic Product ($M_2$/GDP), Credit Spread (CSP), Credit to the Private Sector to Gross Domestic Product (CPS/GDP), gross domestic investment to GDP and the gross fixed capital formation. The desk survey method was used to extract data on the variables from the relevant publications.

## TECHNIQUES OF DATA ANALYSIS
Data collected will be presented using tables. The ordinary least squares multiple regression analytical technique and interpretations will be used. This technique is justified as it is the best linear unbiased estimate (BLUE) of relationship.

## MODEL SPECIFICATION
The ordinary least square model was used for this study using CMGDP as the performance indicator for the manufacturing sector (dependent variable) and broad money supply to Gross Domestic Product ($M_2$/GDP), Credit Spread (CSP) and Credit to the Private Sector to Gross Domestic Product (CPS/GDP) and Gross Domestic Investment to Gross Domestic Product (independent variables). The functional relationship between these variables is stated thus:

$$GFCF = F (M_2/GDP, INS, PSC/GDP, GDI/GDP)$$

Re-stating the econometric version of this function relationship, we have:

$$`GFCF = a_o + b_1 M_2/GDP + b_2 IRS + b_3 PSC/GDP + b_4 GDI/GDP + e_t$$

Where:

$M_2$/GDP:     Broad money supply to Gross Domestic Product;

IRS:         Interest Rate Spread;

CPS/GDP:      Private Sector Credit to Gross Domestic Product;

GDI/GDP:      Gross Domestic Investment to Gross Domestic Product

GFCF:      Gross Fixed Capital Formation

$a_0 =$    Regression Constant.

$b_1, b_2, b_3$ & $b_4$ = Regression Parameters

$e_t$    =Stochastic Error Term.

## DATA PRESENTATION, ANALYSES AND DISCUSSION OF FINDINGS
### Data presentation
The data collected on the impact of financial deepening on capital formation in Nigeria is presented in table 4.1 below:

TABLE 4.1
Data used for the study.

| YEAR | GFCF | M2/GDP | CPS/GDP | INS | GDI/GDP |
|------|------|--------|---------|------|---------|
| 1986 | 11.4 | 17.7 | 11.3 | 1 | 15.8 |
| 1987 | 15.2 | 14.3 | 10.9 | 3.5 | 14.22 |
| 1988 | 17.6 | 14.6 | 10.4 | 2 | 12.34 |
| 1989 | 26.8 | 12 | 8 | 10.4 | 12.05 |
| 1990 | 40.1 | 11.2 | 7.1 | 6.7 | 15.55 |
| 1991 | 45.2 | 13.8 | 7.6 | 5.72 | 14.11 |
| 1992 | 70.8 | 12.7 | 6.6 | 13.7 | 13.01 |
| 1993 | 96.9 | 15.2 | 11.7 | 1.66 | 14.01 |
| 1994 | 105.6 | 16.5 | 10.2 | 7.5 | 11.84 |
| 1995 | 141.9 | 9.9 | 6.2 | 7.52 | 7.34 |
| 1996 | 204 | 8.6 | 5.9 | 8.05 | 7.55 |
| 1997 | 242.9 | 9.9 | 7.5 | 8.75 | 8.67 |
| 1998 | 242.3 | 12.2 | 8.8 | 12.8 | 8.95 |
| 1999 | 231.7 | 13.4 | 9.2 | 15.99 | 7.25 |
| 2000 | 231.1 | 13.1 | 7.9 | 12.69 | 5.04 |
| 2001 | 372.1 | 18.4 | 11.1 | 12.8 | 7.87 |
| 2002 | 499.7 | 19.3 | 11.9 | 20.7 | 7.23 |
| 2003 | 865.9 | 19.7 | 11.1 | 16.6 | 10.2 |
| 2004 | 863.1 | 18.7 | 12.5 | 14.99 | 7.56 |
| 2005 | 804.4 | 18.1 | 12.6 | 14.12 | 5.52 |
| 2006 | 1546.5 | 20.5 | 12.3 | 14.12 | 8.33 |
| 2007 | 1937 | 24.8 | 17.8 | 13.39 | 9.38 |
| 2008 | 2053 | 33 | 28.6 | 12.3 | 8.45 |
| 2009 | 3050.6 | 38 | 36.9 | 16.32 | 12.3 |
| 2010 | 4012.9 | 20.2 | 18.6 | 15.38 | 7.35 |
| 2011 | 3908.3 | 19.3 | 16.9 | 14.61 | 6.21 |
| 2012 | 3357.4 | 19.4 | 20.4 | 15.09 | 4.68 |
| 2013 | 2535.53 | 18.9 | 19.7 | 14.55 | 3.17 |
| 2014 | 2946.5 | 19.9 | 19.2 | 14.86 | 3.05 |

Source: CBN statistical Bulletin, Vol. 25, 2014

## ANALYSIS OF DATA
The above data were keyed into E-views 9 and computed with the ordinary least squared technique. The result is presented in table 4.2 below:

TABLE 4.2
Regression result
Dependent variable:  LGFCF

| Variable | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C | 4.943617 | 0.829207 | 5.961863 | 0.0000 |
| CPS_GDP | 0.080461 | 0.062332 | 1.290843 | 0.2091 |
| M2_GDP | 0.045372 | 0.071331 | 0.636081 | 0.5307 |
| GDI_GDP | -0.233626 | 0.059993 | -3.894207 | 0.0007 |
| INS | 0.103841 | 0.043846 | 2.368312 | 0.0263 |
| R-squared | 0.862939 | | | |
| Adjusted R-squared | 0.840096 | | | |
| F-statistic | 37.77616 | Durbin-Watson stat | | 1.397021 |
| Prob(F-statistic) | 0.000000 | | | |

Source: E-views 9 computation, 2016.

From table 4.2, when the financial deepening variables are held constant, capital formation was ₦ 4.944 billion. In other words, when financial deepening was held constant, the aggregate capital formation in Nigeria stood at ₦ 4.994 billion. Also, table 4.2 showed a positive relationship between the ratio of credit to private sector to GDP, the ratio of broad money supply to GDP, interest rate spread and the level of capital formation in Nigeria. This is as theoretically expected, a one per cent increase in the ratio of credit to private sector to GDP, the ratio of broad money supply to GDP and interest rate spread led to a 0.08 per cent, 0.045 per cent and 0.104 per cent respectively increases in gross capital formation in Nigeria. Furthermore, table 4.2 showed an inverse relationship between the ratio of gross domestic investment to GDP and the level of capital formation in Nigeria. This negates the economic theories, a one per cent rise in the ratio of domestic investment to GDP results in a reduction in the level of capital formation by 0.234 per cent.

The goodness of fit of model as indicated by their adjusted $R^2$ and adjusted $R^2$ values of 8629 or 86.29 per cent and 0.8401 or 84.01 per cent indicates that the model fits the data well. Specifically, the $R^2$ adjusted value of 84.01 per cent indicates that the total variation in the observed behaviour of gross fixed capital formation in Nigeria is jointly explained by the variations in the ratio of private sector credit to GDP, the ratio of broad money supply to GDP, the ratio of gross domestic investment to GDP and interest rate spread, the remaining 15.99 per cent is accounted for by the stochastic error term. The overall significance of the model was also tested using the ANOVA or f-statistics. Here the high significance of the f-statistics value of 37.776 confirmed that the high explanatory power of the model did not occur by chance, it actually confirmed that the model fitted the data well.

The individual statistical significance of the parameters of the respective, independent variables was also tested. The result obtained showed that the ratio of credit to the private sector to GDP and the ratio of broad money supply to GDP were not statistically significant, since their calculated t-statistics values of 1.2908 and 0.636 were found to be less than the table t-statistics value of 2.080 at 5 per cent significant level. The result also showed that the ratio of gross domestic investment to GDP and interest rate spread was statistically significant. This is due to the fact that their t-calculated values of 3.894 and 2.368 were greater than the t-tabulated value of 2.080 at 5 per cent level.

To test for auto correlation in the residuals of the model we compared the reported DW statistics value with the table DW-statistics value. From the result obtained the D-W value of 1.40 fell within the negative autocorrelation region of the DW table. It therefore means that the model is not free from serial correlation problem. In effect, caution must be taken in the application of the findings of this study for policy formulation.

## TEST OF HYPOTHESES
### Hypothesis one
$H_0$: Money supply to GDP has no significant relationship with gross fixed capital    formation in Nigeria;

$H_1$: Money supply to GDP has a significant relationship with gross fixed capital    formation in Nigeria.

### Decision Rule
Accept $H_0$: if calculated t-statistics value < table t-statistics value.'

Reject $H_0$: if calculated t-statistics value > table t-statistics value.

From the regression result,

Calculated t-statistics value = 0.636

Table t-statistics value          =2.080

Since the calculated t-statistics value of 0.636 is less than the table t-statistics value of 2.080 at 5 per cent significant level, we reject the alternative hypothesis and accept the null hypothesis. It therefore means that money supply to GDP has no significant relationship with gross fixed capital formation in Nigeria.

**Hypothesis two**

$H_0$:      Private sector credit to GDP has no significant relationship with gross fixed          capital formation in Nigeria;

$H_1$:      Private sector credit to GDP has a significant relationship with gross fixed          capital formation in Nigeria

**Decision Rule**

Accept $H_0$: if calculated t-statistics value < table t-statistics value.'

Reject $H_0$: if calculated t-statistics value > table t-statistics value.

From the regression result,

Calculated t-statistics value = 1.291

Table t-statistics value  = 2.080

Since the calculated t-statistics value of 1.291 is less than the table t-statistics value of 2.080 at 5 per cent significant level, we reject the alternative hypothesis and accept the null hypothesis. It therefore means that credit to the private sector to GDP has no significant relationship with gross fixed capital formation in Nigeria

**Hypothesis three**

$H_0$:      Gross domestic investment to GDP has no significant relationship with gross fixed          capital formation in Nigeria;

$H_1$:      Gross domestic investment to GDP has a significant relationship with gross fixed          capital formation in Nigeria.

**Decision Rule**

Accept $H_0$: if calculated t-statistics value < table t-statistics value.'

Reject $H_0$: if calculated t-statistics value > table t-statistics value.

From the regression result,

Calculated t-statistics value = 3.894

Table t-statistics value  = 2.080

Since the calculated t-statistics value of 3.894 is greater than the table t-statistics value of 2.080 at 5 per cent level of significance, we reject the null hypothesis and accept the alternative hypothesis. It therefore means that gross domestic investment to GDP has a significant relationship with gross fixed capital formation in Nigeria.

**Hypothesis four**

$H_0$:      Interest rate spread has no significant relationship with gross fixed          capital formation          in Nigeria;

$H_1$:      Interest rate spread has a significant relationship with gross fixed          capital formation          in Nigeria.

**Decision Rule**

Accept $H_0$: if calculated t-statistics value < table t-statistics value.'

Reject $H_0$: if calculated t-statistics value > table t-statistics value.

From the regression result,

Calculated t-statistics value = 2.368

Table t-statistics value  = 2.080

Since the calculated t-statistics value of 2.368 is greater than the table t-statistics value of 2.080 at 5 per cent level of significance, we reject the null hypothesis and accept the alternative hypothesis. It therefore means that interest rate spread has a significant relationship with gross fixed          capital  formation in Nigeria.

## 4.4 DISCUSSION OF FINDINGS

This study examined the impact of financial deepening on capital formation in Nigeria using the ratio of private sector credit to GDP, the ratio of broad money supply to GDP, the ratio of domestic investment to GDP and interest rate spread as proxies for financial deepening. According to the findings of the above analysis, the ratio of private sector credit to GDP had a positive and insignificant relationship with the capital formation in Nigeria. This finding is in agreement with economic theory. An increase in credit to the private sector for productive activities enhances capital formation. By this finding, increase credit for productive activities increases capital formation but at a very low level. The more the credit extended to the private sector by financial institutions the less proportional the increase in capital formation in Nigeria. This insignificant relationship between private sector credit to GDP and gross fixed capital formation could be attributed to problems such as loan diversion, investment in non viable projects and financial hoarding. This finding has been supported by Ang (2007) who studied the relationship between financial deepening and capital formation in Malaysia, using the ordinary least square technique, the study revealed that financial deepening (private sector credit to GDP) had a positive but insignificant impact on capital formation.

The study also revealed that the ratio of broad money supply to GDP had a positive and insignificant relationship with the capital formation in Nigeria. This finding is in agreement with economic theory. An increase in currency in circulation and near cash financial instruments deepens the financial system and enhances capital formation. By this finding, increase the ratio of broad money supply to GDP increases less proportionally the level of capital formation in Nigeria. The greater the expansion in a country's financial assets relative to its level of economic activities; the less proportional the increase in its capital formation. This insignificant relationship between broad money supply to GDP and gross fixed capital formation could be attributed to high level of financial hoarding; financial illiteracy and fund diversion in Nigeria which has consistently reduce the level of financial deepening. This finding has been supported by Onwumere, Ibe, Ozoh and Mounanu (2012) who examined the impact of financial deepening on economic growth from a Nigerian perspective and adopted the supply-leading Hypothesis. The researchers used variables such as broad money velocity, money stock diversification, economic volatility, market capitalization and market liquidity as proxies for financial deepening and gross domestic product growth rate for economic growth. Their study adopted a multiple Regression Model (MRM) and revealed that broad money velocity and market liquidity promote economic growth in Nigeria while money stock diversification, economic volatility and market capitalization did not within the period studied (1992-2008).

The study further revealed that there is an inverse and significant relationship between gross domestic investment to GDP and capital formation in Nigeria. This implies that the higher the domestic investment relative to economic activities in Nigeria, the lower the capital formation. In other words, the higher the ratio of domestic investment to GDP, the lower the level of capital formation. This negates the a priori criteria and is in opposition with the findings of Torbira and Ogbulu (2014) who found a significant positive relationship between gross domestic investment ratio to GDP and the growth of domestic deposit in Nigeria.

Lastly, the study reveals that there is a positive and significant relationship between interest rate spread and capital formation in Nigeria. The lower the gap between lending rate and deposit rate, the higher the level of capital formation in Nigeria. When financial institutions charge exorbitant lending rate but give very low deposit rate, it discourage depositors and borrowers alike from giver and taking financial facilities from financial institutions. This also promotes financial hoarding which limits capital formation. This finding has been supported by Pathania (2013) whose study showed a significant positive impact of interest rate spread on capital formation in Nigeria.

## SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATION

### Summary of findings

This study examined the impact of financial deepening on capital formation in Nigeria. The study adopted the Ordinary Least Square (OLS) multiple regression technique to assess the impact of the ratio of private sector credit to GDP, broad money supply to GDP, gross domestic investment to GDP, interest rate spread on gross fixed capital formation in Nigeria. The following major findings were made:

(i)   There is an insignificant positive relationship between private sector credit to GDP and gross fixed capital formation in Nigeria;

(ii)  There is an insignificant positive relationship between broad money supply to GDP and gross fixed capital formation in Nigeria;

(iii) There is a significant inverse relationship between the ratio of gross domestic investment to GDP and

gross fixed capital formation in Nigeria;

(iv)     There is a significant positive relationship between interest rate spread and gross fixed capital formation in Nigeria

## CONCLUSION

This study examined the impact of financial deepening on capital formation in Nigeria using the ratio of private sector credit to GDP, broad money supply to GDP, gross domestic investment to GDP and interest rate spread as proxies for financial deepening. From the analysis, it was discovered that the ratio of private sector credit to GDP and broad money supply to GDP have positive but insignificant relationship with capital formation in Nigeria. Again, gross domestic investment to GDP has a significant inverse relationship with capital formation while interest rate spread has a significant positive relationship with capital formation in Nigeria. Relying on these findings, the study concluded that the financial deepening has a positive impact on capital formation, it significance being a question of the index used as its proxy.

## RECOMMENDATION

From the above findings, the following recommendations were made:

(i)     The gap between lending rate and deposit rate should be bridged; this can be achieved if the regulatory authorities monitor the rate of interest charged by financial institutions on loans and deposits.

(ii)    Financial institutions should carefully appraise potential borrowers' character and purpose to ensure that the problem of adverse selection is drastically reduced and to enhance loan and interest repayment.

(iii)   Banks should evaluate the financial needs of the masses and develop financial instruments to satisfy this wants, this will enhance the deepening of the financial system and boost capital formation.

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## MUTUAL FUND MANAGER'S SELECTIVITY SKILL A MYTH OR A REALITY?

**Dr. R. R. Rajamohan**

Associate Professor, VIT Business School, VIT University, Vellore

### ABSTRACT

*In this paper, the author made an attempt to examine the components and sources of mutual fund investment performance in order to find out whether the Indian fund managers showed selectivity skill in portfolio formation. The study used Fama's methodology to analyse the performance of mutual funds. The study was carried out for the period between March 2003 and March 2013 and evaluated the performance of mutual funds based on 46 select schemes having exposure of more than 50% of corpus to equity stocks from 20 fund houses operating in India. The study found that there is no significant difference between excess fund return and excess market return. At the same time, some of the schemes generated net selectivity during the period of study. It implies that the fund managers do not have selectivity skill in general, while some of the fund managers gave excess return over the market return. Thus, it calls for the investors' wisdom in selecting the fund managers who provide excess return to create wealth by investing in mutual fund schemes.*

*Key Words: Jensen's Alpha, Mutual Fund Performance, Selectivity Skill*

*JEL Classification: D14, D53, E22, G11*

### INTRODUCTION

A mutual fund is a type of professionally managed collective investment vehicle that pools money from many small investors to purchase securities. The fund managers of the mutual fund play a multifarious role to fulfil the needs and expectation of every investor. The fund manager is a person, who is responsible for implementing a fund's investing strategy and managing its portfolio trading activities. A fund can be managed by one person, by two people as co-managers and by a team of three or more people as well. Fund manager is also known as an "investment manager". The main reason of small investors investing in a mutual fund is to leave the investment management function to the professionals. Therefore, the quality of the fund manager is one of the key factors to be considered when analysing the investment quality of any particular fund. The main role of the fund managers is consistently implementing the investment strategy that reflects the goals and objectives of the fund. Normally, fund managers monitor market and economic trends and analyse securities in order to make informed investment decisions. A good fund manager is one who understands the economic conditions and invests the pooled corpus in appropriate stocks and gives superior return to the investors. Fund management is a business in which finding and retaining good fund managers is a crucial part not only to the Asset Management Companies managing the mutual funds, but also for investors. The mutual fund investors are the persons who reap the benefits from the skills and knowledge of the mutual fund managers. The investor must have an idea about the performance of different fund managers existing in the market to select the best for their investment decisions. The main reason for investing in a mutual fund is that the fund manager makes better investment decisions than small individual investors. So if the fund managers select the appropriate stocks in their mutual fund portfolio, it will fetch better expected return to the investors. This process depend on the fund managers selectivity skills in identifying and investing in the appropriate stocks in his portfolio. Eugene Fama (1972) contributed a methodology to measure the selectivity skills of the fund managers and the present study made an attempt to see whether Indian mutual fund managers have selectivity skill.

Eugene Fama's evaluation model assumes that the returns on managed portfolios can be judged relative to those of naively selected portfolios with similar risk levels. In this study, an attempt has been made to examine the components and sources of investment performance in order to attribute it to specific activities of portfolio managers. It attempts to identify a part of observed return which is due to the ability to pick up the best securities at given level of risk (selectivity).

Thus the objective of the study is to evaluate whether the fund managers of the selected funds have selectivity skills to generate superior return to their investors.

The mutual funds help the retail investors by diversifying the portfolio and reduce the risk in investment, but not all of them generate superior return to the investors. The fund which generates superior return is in the hands of fund managers who selects stocks and construct the portfolio. Thus, the current study by identifying the selectivity skills of the portfolio managers would help the investors in picking the appropriate mutual funds among the plethora of mutual fund schemes available in the Indian market.

The current study covered the equity schemes of various fund houses which exists at least for 10 years. The study made an attempt to have broad-based sample size to investigate the true picture of investment performance across the mutual fund industry in India. The period of study was restricted to 120 months (March 2003- April 2013).

## REVIEW OF LITERATURE

The number of researches in this area is low in India as compared to other developed nations. A wide range of technical and quantitative tools have been produced to evaluate and compare performance of managed portfolios. The pioneering work on the performance evaluation of mutual funds was done by Sharpe (1966) who has developed a composite measure that considers return and risk. He evaluated the performance of 34 open-ended mutual funds during the period 1944-63 by the measures developed by him. He concluded that the average mutual fund performance was distinctly inferior to an investment in the Dow Jones Industrial Average. It was also revealed in his study that good performance was associated with low expense ratio and only low relationship was discovered between fund size and performance.

A study performed by Treynor & Mazuy (1966) found no statistical evidence that investment manager of any of the 57 funds were not able to guess the market movements in advance. This study suggested that an investor in mutual funds was totally dependent on fluctuations in the general market. The study revealed that the improvement in rate of return was due to the fund managers' ability to identify under-priced shares in the market.

Jensen (1968) evaluated the ability of the fund managers in selecting the undervalued securities. He concluded that for the sample 115 mutual funds, the fund managers were not able to forecast security prices well enough to recover research expenses and fees.

Fama (1972) developed a methodology for evaluating investment performance of managed portfolios. He suggested that the overall performance of managed portfolios could be broken down into several components. He argued that the observed return of a fund could be due to ability of fund managers to pick up the best securities at a given level of risk (their selectivity ability). Some portion of this return could also arise due to the prediction of general market price movements (their timing ability). Fama suggested that return on a portfolio could be subdivided into two parts. The return for security selection and return for bearing risk.

Jayadev (1996) evaluated the performance of 62 mutual funds schemes using NAV data for varying period between 1987 and 1995. He reported superior performance for bulk (30 out of 44) of the sample schemes when total risk was considered. However, in terms of systematic risk only 24 out of 44 schemes outperformed the benchmark portfolio. He also found that Indian mutual funds were not properly diversified. Further, in terms of Fama's measure, he did not find selectivity ability of the fund manager.

Amitab Gupta (2001) in his study evaluated the selected schemes with respect to the broad based BSE National Index to find out whether the schemes were able to beat the market. He also examined whether the returns were commensurate with the risk undertaken by the fund managers. The study used three risk adjusted performance. The study also tested the market timing abilities of the fund managers. The result indicated that 38 schemes (52%) earned higher returns in comparison to the market return while the remaining 35 schemes (48%) generated lower returns than that of the market. The results pertaining to market timing abilities of fund managers in terms of both the two models, Treynor and Mazuy and Henriksson and Merton do not lend support to the hypothesis that the India fund managers are able to time the market correctly.

M S Turan, Dr. B S Bodla and Sh. Sushil Kumar Mehta (2001) analysed the performance of 54 listed schemes of mutual funds on the basis of weekly NAV data. For this purpose, besides risk and return analysis, the risk adjusted performance measures were also employed. The study revealed that a considerably low level of risk is associated with the selected schemes, irrespective of the sector concerned.

Anand and Murugaiah (2006) using Fama's methodology examined the performance of 113 selected schemes of 25 fund houses for the period April 1999 to March 2003. They found that the mutual funds were not able to compensate the investors for the additional risk that they have taken by investing in the mutual funds.

Brahmadev Panda, Rudra Prasanna Mahapatra, Samson Moharana (2015) analyzed the risk and return performance, stock selection ability and market timing ability of the fund managers of 41 equity funds for the period January 2008 to December 2013 using measures like beta, Treynor ratio, Jensen's alpha, Henriksson-Merton Gamma and found funds stock selection ability to be average and market timing ability almost not exist among the fund managers.

Ajay Bhootra, Zvi Drezner, Christopher Schwarz, Mark Hoven Stohs (2015) investigated whether some mutual funds provide positive alpha over time as a result of skill and found the existence of superior performance of managers which cannot be attributed to luck.

Wei He, Bolong Cao, H. Kent Baker (2015) found only 7.5% of the funds generated significant positive alpha and less than 5% of the funds showed market timing ability or stock selection skill.

## THEORETICAL FRAMEWORK

Fama (1972) suggested a finer breakdown of mutual fund performance. The basic premise for Fama's technique is that the overall performance of a portfolio, that is the portfolios return (Rp) over the risk-free rate ($R_f$) can be decomposed into measures of risk-taking and security selection skill. That is,

Overall Performance (Rp – $R_f$) = Selectivity + Risk

Also Selectivity = Fund Return – Expected Return (ER), where ER is calculated using Capital Asset pricing Model.

Selectivity is further decomposed in to net selectivity & diversification as

Selectivity = Net Selectivity + Diversification

Thus net selectivity is calculated as, Net Selectivity = Selectivity – Diversification

The impact of diversification is arrived as,

Diversification = Expected Return for additional diversification – ER

## RESEARCH METHODOLOGY

The selection of the mutual fund schemes was based on the condition that they have an equity exposure of more than fifty per cent and completed 10 years during the period of study. The sample design for the study is Judgemental sampling. Based on the above mentioned criteria 46 mutual fund schemes from 20 fund houses were selected. The details of the fund houses and the number of schemes selected from the respective fund houses are given below.

HDFC Mutual Fund (4), Reliance Mutual Fund (2), ICICI Mutual Fund (3), Birla sun life Mutual Fund (6), UTI Mutual Fund (5), Franklin Templeton Mutual Fund (4), Kotak Mahindra Mutual Fund (1), DSP Blackrock Mutual Fund (2), Tata Mutual Fund (3), Deutsche Mutual Fund (1), Sundaram Mutual Fund (3), JM Financial Mutual Fund (2), LIC NOMURA Mutual Fund (2), HSBC Mutual Fund (1), PRINCIPAL Mutual Fund (1), Taurus Mutual Fund (2), Morgan Stanley Mutual Fund (1), ING Mutual Fund (1), Sahara Mutual Fund (1), Escorts Mutual Fund (1).

The data source is 'daily adjusted Net Asset Value' (NAV) obtained from www.rrfinance.com and Sensex data is obtained from www.bseindia.com. Monthly data on adjusted NAVs and BSE Sensex, for the period 31st March 2003 to 31st March 2013, has been analysed. The purpose is to average the daily NAV fluctuations and the market index during the study period and hence the month is considered as standard duration for averaging such fluctuation in the study. The BSE200 is assumed as surrogate for Market index for evaluation. It has also been widely accepted as a market proxy amongst researcher and practitioner in India. The RBI interest rate has been used as a proxy for risk free return. Thus a total of 46 schemes have been selected to evaluate whether the fund managers have selectivity skills to generate superior return to the investors. Two Hypotheses were formulated and tested.

## TOOLS USED

T-test is used to evaluate the hypothesis. i.e., whether there is a significant difference between excess fund return and excess market return. The test is carried out with the help of SPSS. The calculation of Fama's methodology has been carried out in MS- Excel.

## LIMITATIONS OF THE STUDY

The study deals with only select equity schemes having a fund age of 10 years starting from March 2003 to April 2013 and operating in India.

## DATA AALYSIS & INTERPRETATION

The monthly NAV and BSE200 for 10 years have been collected for all the 46 schemes. Then the log return has been calculated to find the portfolio return and market return respectively. Then the excess portfolio return and excess market return has been found out by subtracting the risk free return from portfolio return and market return respectively. The beta has been calculated for the 10 years by using the slope of the regression between portfolio return and market return. Expected portfolio return has been found using Capital Asset Pricing Model

(CAPM). Selectivity of the funds has been calculated from average portfolio return and expected portfolio return. Portfolio risk has been found from portfolio standard deviation and market standard deviation. Adjusted expected portfolio return has been found with the help of CAPM and portfolio risk acted as a beta. Net selectivity has been found from selectivity and extra portfolio return. If the fund manager generates positive net selectivity value then he generates superior return to the investors. If the net selectivity is negative, fund manager fails to generate superior return to the investors.

## ANALYSIS OF OVERALL FUND PERFORMANCE

### Table 1: YEARLY AVERAGE OVERALL FUND PERFORMANCES

| | 03-04 | 04-05 | 05-06 | 06-07 | 07-08 | 08-09 | 09-10 | 10-11 | 11-12 | 12-13 |
|---|---|---|---|---|---|---|---|---|---|---|
| AVERAGE EXCESS MARKET RETURN | 5.946 | 1.393 | 4.057 | 0.804 | 1.796 | -4.399 | 5.468 | 0.647 | -0.817 | 0.480 |
| AVERAGE EXCESS PORTFOLIO RETURN | 5.620 | 2.006 | 4.375 | 0.378 | 1.516 | -3.578 | 4.959 | 0.316 | -0.270 | 0.489 |

The overall performance is the excess return of the mutual fund portfolio over the risk free asset. This measure of mutual fund performance reflects the nature and adequacy of the portfolio returns in a broader perspective across the characteristics of sampled mutual fund schemes.

Table 1 presents yearly average overall fund performance of sampled schemes. From the table 1 it is evident that the average excess portfolio return was more than the average excess market return for 5 years (the period of 04-05, 05-06, 08-09, 11-12, 12-13) and less for the other 5 years (03-04, 06-07, 07-08, 09-10, 10-11).

## ANALYSIS OF NET SELECTIVITY OF MUTUAL FUND MANAGERS

The residual performance on selectivity after accounting for diversification is attributed to net selectivity, so that performance on net selectivity is equal to (or less than) that of selectivity. Fund manager's efforts are well paid for if performance on this count is positive. If net selectivity performance is not positive, it implies that a manager has taken diversifiable risk that his winners have not compensated in terms of extra return. The simultaneous occurrences of positive and negative performance on selectivity means that fund manager have constructed a portfolio which has outperformed during positive performance period and did badly during the negative performance period. Net selectivity negative means for the given level of market risk, the fund manager could not deliver sufficient return to make up for the avoidable risk taken, i.e. in such a situation, fund manager loses greater return in the diversification process than what he may have earned on selectivity.

Table 2 indicates that the average net selectivity for sampled schemes were 0.0690%, 0.0499% and -0.0112% during the tenures 2008-2013, 2006-2013 and 2003-2013 respectively. The net selectivity is negative for 10 years but for 5 years and 7 years the net selectivity is positive. This may be due to some of the funds poor performance might have dragged the overall return in the long run which one could infer from the table 3. The negative return earned by the schemes increased to 20 in the 10 years tenure when compared to 16 schemes during the 5 and 7 years tenures. The net selectivity of sample funds were positively skewed in all the years except for the tenure 2003-2013. The median of net selectivity has increased from 0.0701% to 0.0963% during the sample periods. The range of net selectivity of individual sample funds increased from 11.9802% to 21.0447% during the period of study. The standard deviation of net selectivity of individual sample funds also increased from 0.3140% to 0.3922% during the sample period. This shows that the variation of net selectivity among sample funds increased slightly during the sample period. The overall analysis of data indicates a positive correlation between Fund Return and Net Selectivity during the sample period.

### Table 2: Average Net Selectivity of Mutual Fund Managers

| | 2008-2013 (5 yrs) | 2006-2013 (7 yrs) | 2003-2013 (10 yrs) |
|---|---|---|---|
| AVERAGE | 0.0690 | 0.0499 | -0.0112 |
| Median | 0.0742 | 0.0701 | 0.0963 |
| Skewness | 3.5155 | 3.4556 | -6.8945 |
| Kurtosis | 60.4213 | 67.3352 | 105.8706 |
| Maximum | 7.3472 | 7.3472 | 7.3472 |
| Minimum | -4.6331 | -4.6331 | -13.6975 |

| | | | |
|---|---|---|---|
| Range | 11.9802 | 11.9802 | 21.0447 |
| SD | 0.3274 | 0.3140 | 0.3922 |
| Correlation b/w excess FR & excess NS | 0.2166 | 0.1915 | 0.1128 |
| No. of Observation | 46 | 46 | 46 |

**Table 3: Frequency Distribution of Net Selectivity**

| NET SELECTIVITY (in %) | Apr08-Mar13 (5 yrs) | | Apr06-Mar13 (7 yrs) | | Apr03-Mar13 (10 yrs) | |
|---|---|---|---|---|---|---|
| | NO OF FUNDS | % | NO OF FUNDS | % | NO OF FUNDS | % |
| <-2.50 | 0 | 0 | 0 | 0 | 0 | 0 |
| (-2.50--1.50) | 0 | 0 | 0 | 0 | 1 | 2.17 |
| (-1.50- -0.50) | 2 | 4.34 | 2 | 4.34 | 2 | 4.34 |
| (-0.50- 0) | 14 | 30.43 | 14 | 30.43 | 17 | 36.95 |
| 0 - 0.50 | 28 | 60.86 | 30 | 65.21 | 26 | 56.52 |
| (0.50-1.50) | 2 | 4.34 | 0 | 0 | 0 | 0 |
| (1.50-2.50) | 0 | 0 | 0 | 0 | 0 | 0 |
| >2.50 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total | 46 | 100 | 46 | 100 | 46 | 100 |

The above analysis reveals the fact that the portfolio managers effort are well paid only in the tenures 2006-2013 and 2008-2013 as the values of net selectivity of majority of the schemes were positive. But in the 10 year tenure (2003-2013) the net selectivity of some schemes were negative which implies that the manager has taken diversifiable risk through his expected winners but have not compensated for the risk in terms of extra return. It can be understood from the above results that the forecasting skill and superior stock selectivity across sampled fund was lacking among the fund managers during the above sampled period.

**FINDINGS**

On the basis of overall analysis it is found that for the tenure of 5 years and 7 years the average selectivity and net selectivity for 46 schemes is positive but for 10 years tenure the selectivity is positive while the net selectivity is negative. The t-test proved that there is no significant difference between the excess fund return and market return. Further the r-square is 0.12 for the tenure of 10 years. The overall performance was positively increasing for tenure of 5 years, 7 years and 10 years respectively. The excess fund return was more than the excess market return for all the tenure.

**Table 4: POSITIVE NET SELECTIVITY GENERATED DURING THE SAMPLE PERIOD**

| POSITIVE NET SELECTIVITY GENERATED BY FUNDS DURING 10 YEAR TENURE | NO. OF FUNDS | | |
|---|---|---|---|
| | 2008-2013 | 2006-2013 | 2003-2013 |
| 100% (all periods) | 5 | 4 | 5 |
| 75-99% | 4 | 3 | 4 |
| 50-74% | 6 | 7 | 8 |
| 25-49% | 6 | 10 | 5 |
| 1-24% | 7 | 5 | 9 |
| 0 | 8 | 17 | 15 |
| Total | 46 | 46 | 46 |

Further, the study revealed that 4 to 5 (around 10%) schemes gave 100% (all years) positive net selectivity to investors for the study period while another 3 to 4 (around 6 to 8%) schemes gave positive net selectivity of almost 75% to 99%. The range of positive net selectivity generated during the 5 years, 7 years and 10 years tenure of various schemes are depicted in table 4.

**CONCLUSIONS**

The investors were investing in active funds with the intention of earning superior returns from them. The fund managers diversify the portfolio with the intention of earning extra return and if generated extra return they were said to have selectivity skills and the investors who invested their money in such schemes will get more return than the benchmark return. Studies have proved that in the developed markets the fund managers were

not able to beat the market and hence the investors were better off by investing in passive fund. At the same time, if the market is not efficient, it is possible for fund managers to beat the market.

So, this study made an attempt to analyse whether the Indian fund manager's possess selectivity skills to generate superior return to investors. The study found that there is no significant difference between the excess market return and excess fund return. At the same time, the study also found that out of 46 schemes 10 to 15 funds generated positive net selectivity during the study period. Thus the investors could benefit by investing in active funds provided they have the ability to identify the good ones from the bad ones.

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## RISK MEASUREMENT OF COMMERCIAL BANK OF VIETNAM THROUGH SHARE PRICE

### VUONG QUOC DUY
College of Economics, Can Tho University, Viet Nam

**ABSTRACT**

*In order to assess the risk of the commercial banks, the use of the "value at risk" (VaR) and "Conditional value at risk" (CVaR) to analyze the stock price risk will produce a mostly accurate view. Figures mentioned in the study is the share price of the commercial banks in Vietnam in 2011-2015. Through the application of methods VaR and CVaR authors showed the group of commercial banks with high-risk group, or low-risk group, and pointed out the causes of these risks to be derived from social economic conditions and due to the operating mechanism of the bank groups and the policy of restructuring of the commercial banking system in Vietnam in 2011-2015.*

*Keywords: Value at risk, conditional value at risk, stock price, method VaR and CVaR.*

## 1. INTRODUCTION

In the context of the economy is difficult at present. In Vietnam's financial markets, particularly the banking sector is facing uncertainty and potential risks. The financial risk management is an issue attracting special attention from the perspective of corporate executives as well as from the perspective of the government. For risk management to achieve good results, the evaluation and estimation of risks is very important. In fact, share price risk is a research problem should be particularly interested because it is affected not only internal banking factors and affectedextremely and sensitivelywith information market. In particular, there are a large number of banks operating in Vietnam with a small and solitary scale and unfair competition, which leads seriously effects for the banking system due to lots of adverse information. Therefore, the measurement of risks through the stock price is a necessary approach in identifying, assessing and forecasting the state of "health" of the banking sector. Simultaneously, the quantification of risk of banks will help approach the level of risk and appropriate solutions in order to adjust the level of risk that banks may be acceptable. Therefore, the study of the subject "Application of methodsVaR and CvaR for measuring the extent of risks of the commercial banks in Vietnam through share price" is necessary in the current period.

## 2. THEORETICAL FRAMEWORK

In financial risk management, value at risk (VaR) is used widely and popularly as a market risk-measurement technique. VaR measures of potential losses over a certain period with a given reliability. However, results from VaR can only seems to be reasonable to measure the risk in the normal conditions of the market. In market margin conditions (market frontier risk), VaR methodology and its limitations no longer seem to be suitable. As the financial crisis of 2008, VaR methods cannot predict well the "risks exceeding limitations" and words of some ones, VaR has failed. The introduction of conditional value at risk methodology CVaR is necessary in these circumstances to adjust the risk measurement accurately and more reasonably.

### 2.1. Value at Risk (VaR) and the limitations of VaR

Value at Risk (VaR) is a very common technique in measuring market risks. VaR measures the potential loss in a certain period of time with a given reliability. This is the concept understood and used most widely, particularly in the fields of banking and insurance. For the regulations of agreement Basel, VaR is a measure to determine the level of capital adequacy for market risks. VaR is not only a market-risk measurement, VaR isbut also used to measure credit risk. VaR is based on the assumption that the standard form of distribution graph, corresponds to the standard deviation. It will be close if VaR is based on this distribution format but it will not be close if VaRis based on other forms of distribution.

However, the financial crisis of 2008 has sparked an intense controversy surrounding the effectiveness of the VaR methodology in measuring risks in the unstable market conditions, potential risks exceeding the limitation. It has been said much about the failure of VaR in crisis because VaR cannot measure the frontier damages, more precisely, the VaR cannot measure the worst case.

To calculate VaR, we applied the method used by RiskMetrics (J.P. Morgan & Reuters, 1996). In this paper, we calculated VaR and CVaR share capital. Return on equity by date is calculated for each year by using logarithmic of the daily relative price

$$\ln(\frac{P_t}{P_{t-1}})$$

i.e the logarithm of the ratio of prices today ($P_t$) divides by the previous day's price ($P_{t-1}$). Meanwhile VaR and reliability $(1 - \alpha)$ income of X values are calculated as follows：

$$VAR_{(1-\alpha),x} = z_\alpha.\sigma_X$$

Therein, $z_\alpha$ is standard coefficient with the level of significance $\alpha$.

## 2.2. Conditional value at risk (CVaR)

Overcoming the deficiencies of VaR, the paper conducted a different approach more overarching than VaR, which method is Conditional value at risk (CVaR). CVaR is an equivalent measure with VaR, applying for both market risk and credit risk. CVaR is able to tackle something that VaR cannot be quantified, i.e the frontier damages. CVaR has more advantages than VaR, as the properties of summation and convexity.

CVaR seems to be similar to VaR for calculation, except that we use the expected value of losses exceeded VaR (that is $\alpha$ worst case of profits):

$$CVaR_{(1-\alpha),x}=E[X|X\leq VaR_{(1-\alpha),x}]$$

## 3. RESEARCH METHODOLOGY

### 3.1. Methods of collecting data

The paper collected the data of stock price for Vietnam banking sector during the period from 2011 - 2015. Sample data includes information on the share price of 9 banks listed on the exchange HOSE.

### 3.2. Methods of processing data

This study used qualitative methods, quantitative methods, statistical methods, analysis and synthesis in order to clarify the issues to be resolved.

To facilitate the collection and processing of data, we were building on utility models by Excel of Microsoft Office includes the model VaR/CVaR.

Return on share capital by date was calculated for each year by using the daily relative price as logarithmic

$$\ln(\frac{P_t}{P_{t-1}})$$

i.e the logarithm of the ratio of prices today ($P_t$) divides by the previous day's price ($P_{t-1}$). Meanwhile VAR and reliability $(1 - \alpha)$ income of X values are calculated as follows：

$$VAR_{(1-\alpha),x} = z_\alpha.\sigma_X$$

Therein, $z_\alpha$ is standard coefficient with the level of significance $\alpha$.

$$CVaR_{(1-\alpha),x}=E[X|X\leq VaR_{(1-\alpha),x}]$$

## 4. RESEARCH RESULTS

The paper used the estimation model VaR/CVaR on Excel to evaluate VaR and CvaR based on daily stock prices of the banking sector in 5 years (2011 - 2015).This phase was one of the unstable periods of Vietnam's banking sector, this period is considered as one of the difficult periods for banking sector, most challenging, but also is considered as one of the most successful stage ever.

**TABLE1.RESULTS OFCVAROVER YEARS (WITH RELIABILITY 95%)**

| Banks | CVaR | | | | |
|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2014** | **2015** |
| ACB | -0.03089 | -0.05865 | -0.0231 | -0.01966 | -0.03916 |
| BID | | | | -0.04049 | -0.05552 |
| CTG | -0.04832 | -0.06037 | -0.04581 | -0.02572 | -0.04396 |
| EIB | -0.03596 | -0.04855 | -0.02561 | -0.03405 | -0.0406 |
| MBB | -0.06395 | -0.04482 | -0.02401 | -0.03284 | -0.0345 |

| NVB | -0.06082 | -0.07066 | -0.08941 | -0.08531 | -0.07356 |
|---|---|---|---|---|---|
| SHB | -0.05375 | -0.06706 | -0.05065 | -0.05966 | -0.04184 |
| STB | -0.03931 | -0.04645 | -0.04693 | -0.03849 | -0.05389 |
| VCB | -0.0474 | -0.04821 | -0.04799 | -0.05261 | -0.04693 |
| Average | -0.04755 | -0.0556 | -0.04419 | -0.0432 | -0.04777 |

Due to the negative impact from the economy plus the intrinsic weaknesses accumulated from the previous stage of financial crisis of 2008, the banking sector phase from 2011 to 2015 coped to a series of difficult problems, the almost chaotic situation and uncontrollable issues. Banks diminished CVaR (the level of risk increased) such as ACB, SHB, NVB. These banks have been strongly influenced by the negative impact from the economy and the trend of restructuring in the banking sector over the recent period. The banks have increased CVaR (risk reduction), such as CTG, MBB. These big banks have strong financial strength, powerful governance capacity. Two of them are joint-stock commercial banks of state such as CTG (VietinBank) and VCB (Vietcombank).

**TABLE 2. RESULTS RATING CVAR OVER YEARS**

| Banks | CVaR Rating | | | | |
|---|---|---|---|---|---|
| | **2011** | **2012** | **2013** | **2014** | **2015** |
| ACB | 1 | 5 | 1 | 1 | 2 |
| BID | | | | 6 | 8 |
| CTG | 5 | 6 | 4 | 2 | 5 |
| EIB | 2 | 4 | 3 | 4 | 3 |
| MBB | 8 | 1 | 2 | 3 | 1 |
| NVB | 7 | 8 | 8 | 9 | 9 |
| SHB | 6 | 7 | 7 | 8 | 4 |
| STB | 3 | 2 | 5 | 5 | 7 |
| VCB | 4 | 3 | 6 | 7 | 6 |

Through Table 2 shows that although ACB belonged to the increased-risk bank group, most of the most fluctuation of stock priceof its took place in 2012 when ranking CVaR from the top position to the fifth in the banks listed on the stock market in Vietnam. This figure tied to a string of members of the bank executives who were arrested in 2012 on financial frauds. After that period, due to the tightening policy in the management and administration, ACB's risk level has decreased significantly, always in the top 3 banks having the lowest level of risk.

Banks significantly reduced the level of risk in the period 2011 - 2015 is CTG (VietinBank) and MBB. In particular, after "incident of Huyen Nhu" 2011 VietinBank conducted a series of reform for internal processes as well as expanding the scale bank and total liabilities, coming towards astable growth and sustainability. Currently, VietinBank is the largest bank of total capital, charter capital in commercial banking system.

Research on CVaR in the banking sector shows that in 2011-2015 there was a significant shift between banks as banks' orderconstantly changed. The large banks with strong financial strength, powerful governance capacity constantly increased and confirmed its position in the crisis period. This indicated the initial effect of restructuring method of commercial banking system in Vietnam after the crisis period of 2011. The study is also consistent with studies by Le Chi Dat and Le Tuan Anh (2012). Finance and insurance sector is highly variable sectors as this is the sector using highly debt and suffered negative impacts from the fluctuations of the economy.

## 5.  CONCLUSIONS AND RECOMMENDATIONS
### 5.1. CONCLUSIONS
Through research, we grasp the risk trends over the years, reflecting the general trend of the market as well as the peculiarities of the sector. The rank of risk among commercial banks in Vietnam stock market in the period 2011 - 2015 changed significantly. The state-owned commercial banks tended to increase the grade, resulting of the policies and restructuring directions of the banking sector by the Government in recent years, namely: (i) to

purify the banking system; (ii) to improve the competitiveness for the banking system; (iii) to restructuring the operation of banking system in the direction of merging smaller banks into the major banks; (iv) to integrate the banking system and to internationally compete.

### 5.2. Recommendations

The research results also help stock investors should use CVaR model to analyze, identify and measure risks, from which they can create appropriate method to control risks in their investment.

According to the view of government, the policymakers can fully use the model to track the results of the restructuring of banking system, which will be continued in the next stage. So that the government can make adjustments or timely effects in order to minimize the negative impactson the economy.

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## STOCK MARKET EFFICIENCY AROUND PRIVATE PLACEMENT ANNOUNCEMENTS IN INDIA

### Dr. Madhuri Malhotra[1] and Lakshmi Elangovan[2]
Assistant Professor[1], Loyola Institute of Business Administration, Chennai
Business Process Analyst[2], Randstad Technology Private Limited, Chennai

**ABSTRACT**

*This study examines the stock price reactions around private placements announcement in India. The sample consists of information technology and infrastructure sector from India. Event study methodology is used to analyze the announcement impact of private placements. Results suggest that Information technology firms on an average, yield positive average abnormal returns around private placement announcement. During the announcement window (one day before and after the announcement), firms reflect negative abnormal return. The study supports signaling hypothesis and concludes that Indian stock market is semi-strong form efficient as the news induced in the stock market is reflected in the stock prices. These results are consistent with studies conducted in United States, Sweden, Canada, and New Zealand.*

**INTRODUCTION**

This study observes the market reaction to private placement announcement in India. When a firm raises funds through seasoned equity, it is done through right issues, public offerings (SEOs) or private placements. This research focuses on private placements in India. In right issues, new shares are offered to current stockholder at a specified subscription price that is normally less than what the offering price to the public will be. It enables existing stockholders to maintain their proportionate ownership in the company when the new issues are made, called preemptive right. In public offerings new shares are offered to public while in private placements, is a new stock issue to a small number of institutions or high wealth investors. The issuing firm is not required to prepare and distribute a prospectus and, as a mechanism for raising equity, it can be executed very quickly. However, as private placements are issued to a small number of investors, the existing non-participating shareholders will experience a dilution in their proportional ownership and therefore, to their claim of future cash flows. To ensure that non-participating shareholders' rights are protected, stock exchanges typically have specific regulations governing the issue of private placements.

This study is motivated in part by the lack of research on private equity offerings in Indian firms. Most of the previous studies were carried out in the United States (Wruck, 1989; Hertzel and Smith, 1993; Hertzel and Rees, 1998; Ferreira and Brooks, 1999; Goh et al., 1999; Hertzel et al., 2002); and they showed consistently significant positive announcement effect. Other studies carried out in Japan, Singapore, Sweden and New Zealand (see for example Kato and Schallheim, 1993; Tan, Chng and Tong, 2002; Cronqvist and Nilsson, 2005; Anderson, 2006) also yielded the same result. The effect might not be the same for Indian market, for Indian firms are governed by different regulations and surrounded by different factors that could influence the investor's reaction to the announcement.

The research paper is organized as follows: The next section describes reviews of the literature. Section 3 describes the data and methodology employed in the study. Section 4 discusses the results and Section 5 concludes and presents the implications of the study.

**LITERATURE REVIEW**

Myers and Majluf (1984) have found that an attempt by corporate insiders to maximize the wealth of current shareholders at the expense of new investors. There model shows evidence that, managers seek to serve the interests of current shareholders by issuing additional stock only when either the company's stock is overvalued based on managers' private information about the company or when the company lacks demonstrably good investment prospects.

Miller and Rock (1985) model, states that there should be a negative relationship between issue size and announcement return. However, the sign would be positive under the investment opportunity effects argument for those with simultaneous new capital investment announcements.

K.H.Wruck *et al.* (1989) analyzed the private sales of equity that establishes an empirical link between the market response to corporate financing decisions and changes in ownership concentration. He found that firm's value increases with increase in ownership concentration and may increase slightly more when the firm has more concentrated ownership before the sale. The announcement of private sale of equity, however , increases shareholder wealth by 4.5% on average. Even though the type of security being issued is the same, private and public sales of equity send opposite signals to the market about the firm value.

Eckbo and Masulis (1992) draw on the adverse selection mechanism present in Myers- Majluf to study more varied methods of flotation by allowing for shareholder participation and involving underwriter certification. Specifically, they model the firm's choice between uninsured rights offerings, standby underwritten offerings and firm commitment offerings. Their model predicts insignificant market reactions to announcements of uninsured rights due to lack of adverse selection bias. They also predict that standby offers and firm commitments will exhibit negative market reactions.

Hertzel and Smith (1993) have analyzed private placement discounts and announcement effects. They found that the market reacts to private sales of equity can reflect resolution of information asymmetries and/or anticipated effects of ownership structure changes. The information hypothesis, which they developed as an extension of Myers and Majluf, implies that changes in firm value around private placements can be driven by shifts in the market's assessment of the value of existing firm assets and investment opportunities.

Kato and Schallheim (1993) have examined two subsets: those firms that belong to a keiretsu, an industrial grouping, and those that do not belong to an identifiable group, to find the stock price reaction to private placement announcement in Japan. They found that both groups show a similar market reaction to the announcement; however a difference exists in the post-announcement period. The non-keiretsu firms lose much of the positive announcement effect in a subsequent rundown in stock price. However, the keiretsu firms do not experience this cumulative pattern.

Nickolaos V. Tsangarakis (1996) finds that the seasoned equity issues in Greece are perceived as conveying positive information about the firms' future prospects. He points out that the large ownership concentration in developing markets may mitigate the agency and adverse information effects compared to developed markets with large ownership dispersion. He also notes that different institutional settings may impact the market reaction to equity issues.

Ferreira and Brooks (1999) documented the shareholder wealth gains around announcements of equity private placements primarily came from firms which subsequently went out of business. They found that investors' positive response was consistent with expected greater survival likelihood for more troubled firms, but with no such revisions for stronger companies. Inconsistent with their apparent beliefs, going-out-of-business companies had statistically significant and material negative abnormal returns that averaged 17.5% from prior to and until 150 days after the announcement period. They also found that, Still-in-business companies had insignificant abnormal returns over either the announcement or post announcement period. The evidence on failing businesses is consistent with a semi-strong form of efficient markets hypothesis violation.

Kim *et al.* (1999) finds large positive abnormal returns for several months around seasoned equity issue. There results indicate higher abnormal returns for firms with greater reduction in leverage and for issues which are larger and offered at smaller discount from market price. His result is inconsistent with the price- pressure and wealth redistribution hypothesis as well as with different versions of the signaling hypothesis which predict negative market reactions to seasoned equity issues.

Tan *et al* (2002), found a positive announcement effects of seasoned equity issues in Singapore for the period 1987–1996. For private placements, the abnormal returns are positively related to the placement price. The greater is the requirement for external equity financing, the higher is the placement premium. Issue size seems to reflect the impact of investment opportunities on the firms.

Maria and Juan (2004) examined the long-run effect on shareholder's wealth and firm's operating performance of the seasoned equity offering decision in Spain. There results show that operating underperformance, confirm the argument that investors tend to be too optimistic about the investment of issuing firms. After the issue investment opportunities turn out to be less advantageous than expected, and offering firms experience poor stock returns and operating performance relative to their benchmarks.

S. Krishnamurthy *et al.* (2005), examined a relation between stock price performance and the identity of the investors buying the shares in private placements of equity. They found that although the shareholders not participating in the placement experience post-issue negative long-term abnormal returns, the participating investors purchase the shares at a discount and earn normal returns.

Anderson *et al.* (2006) examined the announcement and volume impact of private placements announcements in New Zealand's small capital market setting. He found that private placement issued at a premium exhibit a permanent positive impact on firm value and in contrast those placed at a discount experience negative announcement returns and show a significant run-down in returns following the announcement. He also found

that private placements spark a large increase in trading activity in the 5 days following an announcement and the increase in particularly strong for those placed at a discount.

The literature review on private placement shows that the reaction towards private placement announcement yields mixed evidence. Not many studies focus on emerging markets. The authors in this paper, try to estimate stock price reaction around private placement announcement in India with specific focus on information technology and Infrastructure sector. The next chapter gives details about the data and methodology used in this study to analyze the stock price reaction.

## DATA
Private placement issue announcement dates of Indian companies for the period from March 2006 to October 2010 were collected using two sources – Capitaline and PROWESS database. A sample of 20 firms from Information technology sector and 16 firms from Infrastructure sector has been selected for the study. For the past few years, Information technology and infrastructure industry's growth is significantly higher in comparison with other industries; hence, we selected Information Technology and Infrastructure industry as our sample. Standard event study methodology has been used. The firms which fulfilled the following criteria have been selected as the sample:

1. The date of private placement has to be available in the database.

2. Closing price before and after 120 days is available.

## METHODOLOGY
This paper uses event study methodology for the purpose of examining private placement announcement reaction. The sophistication of event study methodology has been improved by papers such as Fama *et al. (*1969), Brown and Warner (1980, 1985) and Dennis and McConnell (1986). This study in order to examine the impact of the announcement of private placement issue on the stock return also uses the event study to estimate the abnormal return for a security. In order to carry out an event study, the event date, event window, and estimation window is determined Regression analysis is used to estimate the relationship between a firm's returns (dependent variable) and market returns of a benchmark of similar firm's industry (independent variable). The estimation window is defined as the period prior to the occurrence of the event. This ensures that estimators for the parameters of the normal return model are not influenced by the event-related returns. The event date in this study is the date of announcement of private placement issue by the sample firms. The event window is taken as t = -20 to t = -20 relative to the event day t = 0. Returns on security *j* in period t is given by

$$R_{j, t} = (P_{j, t} - P_{j, t-1}) / P_{j, t-1}$$

The announcement effect on the stock price is measured by the standard *market model event – study methodology* (MacKinlay 1997)[1]. The model assumes a linear relationship between the securities to the return of the market portfolio. Market model, developed by Sharpe (1963) and used by Fama *et al* (1969), free from the criticism of Roll (1977). Browan & Warner (1980, 1985) have also shown that methodologies based on OLS market are at least powerful in detecting abnormal returns as other more elaborate procedures. The impact on market price due to private placement is estimated by the difference between the realized post-announcement period return and the return predicted by marked model.

## Abnormal Returns
Abnormal returns ($AR_{j, t}$) were computed for each security in the sample for each day during the event period -20 to +20. The following market model estimate abnormal return (AR) for the $j^{th}$ firm on day t:

$$AR_{j, t} = R_{j, t} - (\alpha_j + \beta_j * R_{m, j})$$

where $\alpha_j$ *and* $\beta_j$ are the estimated coefficients.

These parameters have been estimated from following OLS regression of the event firm's returns on the market index returns during the estimation window for firm $j^1$:

$$R_{j, t} = \alpha_j + \beta_j R_{m, t} + \varepsilon_{j, t}$$

 where

$R_{j, t}$ - *the* rate of return of the stock *j* on the day *T*

$R_{m, t}$ - the rate of return of the market index (m) on the day *T*

$\varepsilon_{j, t}$ - the error term of the stock *j* on the day *T*, with zero mean and $\sigma^2 \varepsilon_j$ variance. Under the assumption of joint normality and independently and identically distributed returns, the error of the regression is well-behaved, i.e.

$$E(\varepsilon_{j,t}) = 0 \text{ and } VAR(\varepsilon_{j,t}) = \sigma^2 \varepsilon_j$$

## Aggregation of Abnormal Returns
In order to draw overall inference on the abnormal returns, the abnormal returns for securities were summed up trading-day wise. Since the assumption is that conditional abnormal returns for all securities are independently and normally distributed, the abnormal returns must be aggregated to find overall inferences for the event of interest. In order to standardize the abnormal returns, abnormal returns for each security has been divided by the security's own estimate of variance.

## Cumulative Abnormal Returns
Cumulative abnormal returns for firm j over period $t_1$ to $t_2$ are calculated by:

$$CAR_{J,t1,t2} = \sum AR_{j,t}$$

CAR is used to track abnormal returns occurring over a number of trading days. Since outcomes of many events are not immediately known, CAR allows for consideration of abnormal returns over a predefined period of time. By considering abnormal returns that coincide with an event it is possible to establish the impact on CARs over several days and to capture the impact of an event as it unfold over time.

## Testable hypotheses
$H_{01}$. The null hypotheses being tested is that abnormal returns on and around private placement issue are less than or equal to zero. If AAR, CAAR >0 and statistical significant, it indicates that the stock prices on an average reacted positively to the private placement issues and thus increased the wealth of shareholders.

$$H_{01} : CAAR \leq 0 \quad H_A : CAAR > 0$$

## RESULTS
### Information Technology Sector
Table 1(a) presents the beta - market risk or sensitivity – of the stocks under consideration with respect to market index. Beta coefficients are significant for 19 Information technology companies in sample of 20, indicating that risk is an important determinant of company's return.

The abnormal returns for the period prior $(t_{19}, t_{12})$ the announcement date are significant. The presence of significantly positive abnormal returns prior to the announcement date lends support to Myers and Majluf's (1984) prediction that firms will sell private placement issues after a period of share price increases. However, another explanation for these positive abnormal returns is the occurrence of information leakage prior to the announcement day. This may result in speculative trading with superior information to achieve abnormal returns.

The abnormal return on the announcement day is not statistically significant. This suggests that information may have leaked before the formal announcement of the private placement and hence the returns on the day of announcement are not significant.

There are 6 positive and 14 negative abnormal returns in the post announcement period. Two of fourteen negative abnormal returns are statistically significant (t4 and t20), while none of the positive abnormal returns are significant. One explanation for the observation of significantly negative abnormal returns is that the market over-reacted to the announcements of private placements. Another possible explanation is that there is profit taking transactions by speculators who had traded on superior information before the announcement day.

Just one day before the announcement day $(t_{-1})$, on average, the Information technology firms experienced positive returns of 0.24. But on announcement day returns is negative (-0.26) as well as the following day (-0.05). It shows that the market had already anticipated the announcement of private placement issue and reacted much earlier than on the day of the announcement.

## Cumulative Abnormal Returns
Table 3(a) exhibit the cross-sectional average of Standardized Cumulative Abnormal Returns for different event windows of (-20, -1), (0, +1), (-1, +1), (+2, +20) and (-20, +20), surrounding the event days.

These standardized cumulative abnormal returns for any one security over the period are defined as its cumulative abnormal return divided by its corresponding standard deviation. Actually it corrects for the eventual correlation between the abnormal returns over the multiple-day window considered. Tables show the mean standardized cumulative abnormal returns (SCAR) for each event window along with t-value and p-value. All mean standardized cumulative abnormal returns are not statistically different from zero.

Based on these findings, one can say that the null hypothesis of zero abnormal returns cannot be accepted. The study finds that in Information technology sector there is a leakage in information before the announcement which is statistically significant and investors anticipate the upcoming event in advance.

## Infrastructure sector

Table 1(b) presents the beta - market risk or sensitivity – of the stocks under consideration with respect to market index. Beta coefficients are significant for 14 infrastructure companies in sample of 16, indicating that risk is an important determinant of company's return.

The abnormal returns for the 20 days before the announcement day are not significant. These findings suggest that firms do not time the announcements of private placement issues to coincide with periods of overvaluation for their shares. Our findings also imply that there is no information leakage prior to the announcements of private placement issues. After announcement date ($t_{+1}$ to $t_{+20}$), abnormal returns is significant on 2nd (-0.59), 4th (‘0.36), 17th (-0.36) and 20th (-0.60). Reason for this delay may be investor's wrong perception about cash flows.

## Cumulative Abnormal Returns

Table 3(a) exhibit the cross-sectional average of Standardized Cumulative Abnormal Returns for different event windows of (-20, -1), (0, +1), (-1, +1), (+2, +20) and (-20, +20), surrounding the event days.

The MSCAR for trading day ($t_0$ to $t_{+1}$) is not statistically different from zero. The pre-event MSCAR ($t_{-20}$ to $t_{-1}$) of -7.53088 and the full test period MSCAR ($t_{-20}$ to $t_{+20}$) of -19.91963, however, are statistically significant price changes as indicated by their high t-values. The table, the highest and most significant values are observed over the window (-20 to +20). This is significant at 90% level of significance.

**Comparison between Information technology and Infrastructure Sector**

| INFORMATION TECHNOLOGY | INFRASTRUCTURE |
|---|---|
| The abnormal returns for the 20 days before the announcement day (t19, t12) are significant. | The abnormal returns for the 20 days before the announcement day are not significant. |
| The abnormal return on the announcement day is not statistically significant. | The abnormal return on the announcement day is not statistically significant. |
| After announcement date (t+1 to t+20), abnormal returns is significant on 4th (-0.32) and 20th (-0.28). | After announcement date ($t_{+1}$ to $t_{+20}$), abnormal returns is significant on 2nd (-0.59), 4th (‘0.36), 17th (-0.36) and 20th (-0.60). |

Information technology is more observed sector than infrastructure, so the announcement of private placement has reaction in the stock prices.

## LIMITATION AND RECOMMENDATION OF FUTURE RESEARCH

This study is limited to two industries (Information technology and Infrastructure), as they are the major sectors of India, in which private placement is done very frequently. There are various other factors which influence a firm apart from announcement of an equity issue. These factors must be taken into consideration before generalizing the results regarding announcement reaction around an equity issue. Research in this area can be extended to include various other factors which impact a firm along with announcement impact of an equity issue.

## CONCLUSION

This paper investigates the announcement effects of private placement issue in the Indian stock market with special reference to Information technology and Infrastructure sectors during the period 2005 to 2010. An event study is conducted using 41 days event window. It is found that Information technology firms on an average, the stock showing positive abnormal returns ten to eleven days before the announcement date. This may be due to the information leakage. On the announcement day, both Information technology and Infrastructure firms experienced a negative abnormal return and it is insignificant. In general , the behavior of AARs and CAARs is found in accordance with other studied conducted in United States, Cana, Sweden and New Zealand. The results of this study suggest that Indian stock market is semi strong form efficient, however more research is required before generalization of results as there are many other factors which influence a firm including macroeconomic policies, timing of an issue, and government policies etc.

**Tables and Figures**
**Table 1(a): Announcement Date and Private Placement Issue of IT firms**

| Company Name | Event Date | Alpha | Beta | t- stat |
|---|---|---|---|---|
| Allied Digital Services Ltd | 01-Dec-08 | -0.898433 | 0.297802 | 2.89** |
| Allsec Technologies Ltd | 21-Aug-06 | -0.089251 | 0.661563 | 4.39** |
| Aptech Ltd | 22-Oct-10 | -0.064156 | 0.776215 | 3.67** |
| Aurionpro Solutions Ltd | 11-Jun-08 | 0.047406 | 0.614165 | 4.56** |
| California Software Company Ltd | 17-Aug-07 | 0.143340 | 0.466777 | 2.99** |
| HCL Technologies Ltd | 29-Sep-06 | -0.090289 | 0.959852 | 10.16** |
| Hexaware Technologies Ltd. | 27-Apr-06 | 0.381732 | 0.501052 | 2.28** |
| iGate Global Solutions Ltd | 06-Oct-06 | -0.253594 | 0.368830 | 3.06** |
| Infosys Technologies Ltd. | 31-Mar-06 | -0.083416 | 1.131612 | 24.97** |
| Mphasis Ltd. | 08-Jun-06 | 0.284685 | 1.070654 | 7.37** |
| Oracle Financial Services Software Ltd. | 12-Sep-06 | 0.085222 | 1.058563 | 10.05** |
| Patni Computer Systems Ltd | 03-Oct-06 | -0.244553 | 0.580048 | 3.94** |
| Polaris Software Lab Ltd. | 27-Apr-06 | -0.042784 | 0.985133 | 5.31** |
| Satyam Computer Services Ltd. | 10-Jul-09 | 0.977078 | 0.368310 | 1.32** |
| Wipro Ltd. | 30-Mar-06 | 0.154319 | 1.032879 | 9.22** |
| Vakrangee Softwares Ltd. | 14-Sep-06 | 0.666368 | 0.806234 | 4.70** |
| Genesys International Corpn. Ltd. | 29-May-06 | 0.017832 | 0.167087 | 0.98 |
| Geometric Ltd | 31-May-06 | 0.054361 | 0.971440 | 4.81** |
| Glodyne Technoserve | 23-Jun-10 | 0.332557 | 0.831681 | 3.23** |
| InfoTech Enterprises Ltd | 06-Jul-07 | 0.222912 | 0.495220 | 3.84** |

Source: Tables generated by authors based on data available in PROWESS database by CMIE.

**Table 2(a): Daily Standardize Abnormal Normal Returns of IT firms**

| Day | N | Mean | Median | Pos:Neg | t | P |
|---|---|---|---|---|---|---|
| -20 | 20 | 0.01 | -0.07 | 10:10 | 0.03119 | 0.97544 |
| -19 | 20 | -0.29 | -0.23 | 8:12 | **-1.98271**** | 0.06205 |
| -18 | 20 | -0.23 | -0.25 | 7:13 | -1.34746 | 0.19368 |
| -17 | 20 | 0.16 | -0.02 | 9:11 | 0.63147 | 0.53526 |
| -16 | 20 | -0.10 | -0.18 | 7:13 | -0.70992 | 0.48637 |
| -15 | 20 | -0.07 | -0.16 | 8:12 | -0.56574 | 0.57819 |
| -14 | 20 | 0.09 | 0.11 | 11:9 | 0.42371 | 0.67654 |
| -13 | 20 | -0.07 | -0.06 | 9:11 | -0.36026 | 0.72263 |
| -12 | 20 | -0.37 | -0.24 | 7:13 | **-3.28324***** | 0.00391 |
| -11 | 20 | -0.16 | -0.05 | 8:12 | -0.73493 | 0.47136 |
| -10 | 20 | 0.10 | 0.08 | 12:8 | 0.65816 | 0.51833 |
| -9 | 20 | 0.13 | -0.03 | 9:11 | 0.73205 | 0.47307 |
| -8 | 20 | -0.30 | -0.38 | 6:14 | -1.60102 | 0.12587 |
| -7 | 20 | 0.10 | 0.11 | 11:9 | 0.46839 | 0.64484 |
| -6 | 20 | 0.03 | 0.09 | 11:9 | 0.20208 | 0.84200 |
| -5 | 20 | -0.13 | -0.20 | 8:12 | -0.91104 | 0.37369 |
| -4 | 20 | 0.28 | 0.03 | 12:8 | 1.11545 | 0.27857 |
| -3 | 20 | 0.21 | 0.07 | 11:9 | 1.48521 | 0.15389 |
| -2 | 20 | -0.11 | -0.06 | 9:11 | -0.48376 | 0.63408 |
| -1 | 20 | 0.24 | 0.26 | 14:6 | 1.32698 | 0.20024 |
| 0 | 20 | -0.26 | -0.05 | 8:12 | 0.73032 | 0.47411 |

| 1 | 20 | -0.05 | 0.06 | 10:10 | -0.26361 | 0.79492 |
|---|----|-------|------|-------|----------|---------|
| 2 | 20 | 0.10 | -0.09 | 6:14 | 0.24393 | 0.80990 |
| 3 | 20 | 0.28 | 0.06 | 10:10 | 1.03974 | 0.31151 |
| 4 | 20 | -0.32 | -0.12 | 7:13 | **-1.90899**** | 0.07148 |
| 5 | 20 | -0.17 | -0.22 | 6:14 | -0.59800 | 0.55690 |
| 6 | 20 | -0.03 | -0.02 | 10:10 | -0.12075 | 0.90515 |
| 7 | 20 | -0.02 | -0.16 | 9:11 | -0.07781 | 0.93879 |
| 8 | 20 | -0.33 | -0.33 | 5:15 | -0.98531 | 0.33686 |
| 9 | 20 | 0.41 | -0.02 | 8:12 | 1.18342 | 0.25124 |
| 10 | 20 | 0.16 | 0.06 | 11:9 | 1.02419 | 0.31861 |
| 11 | 20 | -0.19 | -0.18 | 8:12 | -0.70011 | 0.49235 |
| 12 | 20 | 0.01 | -0.01 | 10:10 | 0.02907 | 0.97711 |
| 13 | 20 | 0.28 | 0.16 | 13:7 | 1.13766 | 0.26941 |
| 14 | 20 | -0.04 | -0.06 | 8:12 | -0.24661 | 0.80786 |
| 15 | 20 | -0.05 | 0.01 | 10:10 | -0.30254 | 0.76553 |
| 16 | 20 | -0.10 | 0.00 | 10:10 | -0.38242 | 0.70640 |
| 17 | 20 | -0.02 | -0.22 | 6:14 | -0.07804 | 0.93861 |
| 18 | 20 | -0.03 | 0.04 | 11:9 | -0.24901 | 0.80602 |
| 19 | 20 | -0.05 | -0.15 | 9:11 | -0.33265 | 0.74304 |
| 20 | 20 | -0.28 | -0.41 | 7:13 | **-1.86271**** | 0.07804 |

Source: Tables generated by authors based on data available in PROWESS database by CMIE. This table shows the average standardize abnormal return and the t-statistics & p-values corresponding to the average standardize abnormal returns for 41 days surrounding the announcements of 20 companies in Information technology industry from Jan 2005- Dec 2010.  Day t=0 is the announcement date of the PPL

**Table 3(a): Cumulative Average Abnormal Returns (CAAR) Across Event Window Market Model for IT firms**

| Days | N | Mean SCAR | t | p |
|------|---|-----------|---|---|
| t-20 to t-1 | 20 | -1.372705 | -0.54817 | 0.5900 |
| t0 to t+1 | 20 | 0.128807 | 0.10854 | 0.9147 |
| t-1 to t+1 | 20 | 1.047844 | 0.80810 | 0.4290 |
| t+2 to t+20 | 20 | -1.294971 | -0.36843 | 0.7166 |
| t-20 to t+20 | 20 | -2.383740 | -0.41433 | 0.6833 |

Source: Tables generated by authors based on data available in PROWESS database by CMIE

**Table 1(b): Announcement Date and Private Placement Issue of Infrastructure firms**

| Company Name | Event Date | Alpha | Beta | t- stat. |
|--------------|-----------|-------|------|----------|
| GMR Infrastructure | 19-Jun-09 | 0.746707 | 0.606769 | 8.35** |
| Lanco Infratech | 07-Aug-09 | 0.557165 | 0.867432 | 9.77** |
| Punj Lloyd Ltd. | 10-Aug-09 | 0.245455 | 0.796633 | 9.70** |
| Unitech Ltd | 03-Jul-09 | 0.293938 | 1.036752 | 13.28** |
| Hindustan Construction Company Ltd | 07-Jul-09 | 0.316095 | 0.887186 | 11.06** |
| IVRCL Infrastructures & Projects Ltd | 20-Dec-06 | 0.098221 | 0.487588 | 5.26** |
| Ansal Housing & Construction Ltd | 19-Feb-08 | 0.229277 | 0.498951 | 4.27** |
| Ansal Properties | 21-Jun-10 | 0.136771 | 0.951216 | 9.12** |
| Arihant Foundations & Housing Ltd. | 14-Oct-10 | -0.157713 | 0.013586 | 0.08 |
| Mahindra Lifespace Developers | 11-Oct-06 | -0.182305 | 1.375814 | 8.16** |
| Peninsula Land Ltd. | 20-Dec-06 | -0.051892 | 0.741826 | 7.30** |
| Phoenix Mills Ltd | 11-Jun-07 | 0.567552 | 0.058183 | 0.64 |
| Pratibha Industries | 25-Nov-10 | 0.009390 | 0.343017 | 3.41** |
| Simplex Infrastructures Ltd. | 06-Aug-09 | 0.618558 | 0.459805 | 6.65** |

| Welspun Projects Ltd. | 27-Apr-10 | 0.262155 | 0.451099 | 4.18** |
|---|---|---|---|---|
| Larsen & Toubro Ltd. | 21-Jul-06 | -0.146746 | 0.416857 | 3.71** |

Source: Tables generated by authors based on data available in PROWESS database by CMIE

**Table 2(b): Daily Standardize Abnormal Normal Returns of Infrastructure firms**

| Day | N | Mean | Median | Pos:Neg | t | p |
|---|---|---|---|---|---|---|
| -20 | 20 | -0.24 | -0.19 | 6:10 | -0.6695 | 0.5133 |
| -19 | 20 | -0.21 | -0.33 | 5:11 | -1.25657 | 0.2281 |
| -18 | 20 | -0.32 | -0.13 | 5:11 | -1.22822 | 0.2383 |
| -17 | 20 | 0 | 0.08 | 8:08 | -0.01696 | 0.9867 |
| -16 | 20 | 0.27 | 0.18 | 11:05 | 1.43021 | 0.1732 |
| -15 | 20 | 0.03 | 0.02 | 8:08 | 0.13552 | 0.894 |
| -14 | 20 | -0.11 | -0.06 | 8:08 | -0.60143 | 0.5565 |
| -13 | 20 | -0.12 | -0.12 | 8:08 | -0.71044 | 0.4883 |
| -12 | 20 | -0.21 | -0.28 | 4:12 | -0.9596 | 0.3525 |
| -11 | 20 | -0.05 | 0.08 | 9:07 | -0.24971 | 0.8062 |
| -10 | 20 | 0.08 | -0.16 | 7:09 | 0.37881 | 0.7101 |
| -9 | 20 | -0.07 | -0.25 | 4:12 | -0.30788 | 0.7624 |
| -8 | 20 | -0.2 | -0.24 | 5:11 | -0.97941 | 0.3429 |
| -7 | 20 | -0.25 | -0.31 | 6:10 | -1.05415 | 0.3085 |
| -6 | 20 | 0.03 | -0.1 | 8:08 | 0.11956 | 0.9064 |
| -5 | 20 | -0.32 | -0.47 | 4:12 | -1.22429 | 0.2397 |
| -4 | 20 | -0.02 | -0.02 | 8:08 | -0.08503 | 0.9334 |
| -3 | 20 | 0.04 | -0.19 | 7:09 | 0.2392 | 0.8142 |
| -2 | 20 | -0.21 | 0.18 | 9:07 | -0.59602 | 0.56 |
| -1 | 20 | -0.11 | 0 | 9:07 | -0.59817 | 0.5587 |
| **0** | **20** | -0.26 | 0.07 | 10:06 | **-0.69444** | 0.498 |
| 1 | 20 | -0.24 | -0.09 | 7:09 | -1.16681 | 0.2615 |
| 2 | 20 | -0.59 | -0.41 | 3:13 | **-3.55031***** | 0.0029 |
| 3 | 20 | 0.26 | 0.03 | 8:08 | 0.87596 | 0.3949 |
| 4 | 20 | -0.36 | -0.27 | 4:12 | **-2.39837*** | 0.0299 |
| 5 | 20 | 0 | 0.03 | 8:08 | 0.0163 | 0.9872 |
| 6 | 20 | -0.2 | -0.31 | 5:11 | -1.20191 | 0.248 |
| 7 | 20 | -0.36 | -0.11 | 7:09 | -1.25424 | 0.2289 |
| 8 | 20 | -0.09 | 0.02 | 9:07 | -0.47591 | 0.641 |
| 9 | 20 | -0.05 | -0.03 | 7:09 | -0.24645 | 0.8087 |
| 10 | 20 | 0.09 | -0.05 | 8:08 | 0.5036 | 0.6219 |
| 11 | 20 | 0.03 | 0.01 | 8:08 | 0.24537 | 0.8095 |
| 12 | 20 | 0.03 | -0.07 | 8:08 | 0.12622 | 0.9012 |
| 13 | 20 | -0.26 | -0.1 | 6:10 | -1.39678 | 0.1828 |
| 14 | 20 | 0.16 | -0.04 | 8:08 | 0.77395 | 0.451 |
| 15 | 20 | -0.03 | -0.45 | 5:11 | -0.12759 | 0.9002 |
| 16 | 20 | 0.08 | -0.11 | 6:10 | 0.27298 | 0.7886 |
| 17 | 20 | -0.36 | -0.28 | 6:10 | **-1.97520**** | 0.0669 |
| 18 | 20 | -0.71 | -0.45 | 4:12 | -1.58788 | 0.1332 |
| 19 | 20 | -0.11 | -0.28 | 4:12 | -0.52353 | 0.6083 |
| 20 | 20 | -0.6 | -0.38 | 6:10 | **-2.56918*** | 0.0214 |

This table shows the average standardize abnormal return and the t-statistics & p-values corresponding to the average standardize abnormal returns for 41 days surrounding the announcements of 16 companies in Infrastructure industry from Jan 2005- Dec 2010. Day t=0 is the announcement date of the private placements.

**Table 3(b): Cumulative Average Abnormal Returns(CAAR) Across Event Window Market Model For Infrastructure firms**

| Days | N | Mean SCAR | t | p |
|---|---|---|---|---|
| t-20 to t-1 | 16 | -7.53088 | -2.47313** | 0.0258 |
| t0 to t+1 | 16 | -1.3389 | -1.45048 | 0.1675 |
| t-1 to t+1 | 16 | -1.64461 | -1.85924* | 0.0827 |
| t+2 to t+20 | 16 | -11.04 | -3.62989*** | 0.0025 |
| t-20 to t+20 | 16 | -19.91963 | -3.64887*** | 0.0024 |

Source: Tables generated by authors based on data available in PROWESS database by CMIE

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# E-GOVERNANCE IN INDIA: INITIATIVES & CHALLENGES

**Dr. M. Veerabhadra Rao**

Professor & HOD, Dept. of Business Administration, SRK Institute of Technology, Vijayawada.

**ABSTRACT**

*Governments and public sector organizations around the world are facing to reform their public administration organizations and deliver more efficient and cost effective services, as well as better information and knowledge to their stakeholders. Improving governance and administration has become the at-most priority in today's world for getting transparency and to make India corruption free. E-governance is the effective use of Information & Communication Technology (ICT) to improve the system of governance that is in place, and thus provide better services to the Citizens. Information and Communication Technology (ICT) promises a better world in governance but at the same time requires efforts for changing process, building infrastructures, capacity enhancement etc. It has changed the ways of information delivery of government to various sections of the society. This paper would give an insight the initiatives & challenges of e-governance in India.*

*Keywords: ICT, e-Governance, accountability, acceptability.*

## 1. INTRODUCTION

The term e-Government came into existence with the advent of government websites in late 1990s. e-Governance or „electronic Governance" refers to the use of Information and Communication Technologies (ICTs) to provide citizens and organisations with more convenient access to the government's services and information. In other words, e-Governance involves ICTs, especially the internet, to improve the delivery of government services to citizens, businesses and government agencies. It is not limited to the public sector only but also includes the management and administration of policies and procedures in private sector as well.

The use of internet not only delivers the services faster but also brings more transparency between the government and the citizens. But in developing countries like India, where literacy level is very low and most of the people are living below poverty line, it is very much difficult for the government to provide its services to such citizens via means of internet. Even the e-Readiness Rank of India is very low. e-readiness is defined as the ability to use information and communication technologies to develop one's economy and welfare. According to the Global Information Technology Report 2012, the e-Readiness rank of India is 69 with the score of 3.89 out of 10 that means the use of ICTs in India is very low. Many other factors like privacy and security related to user's personal information, digital divide etc. are also huge challenges for the implementation of e-Governance in India.

## 2. DEFINITION OF E-GOVERNANCE

E-governance is the application of information & communication technologies to transform the efficiency, effectiveness, transparency and accountability of informational & transactional exchanges with in government, between govt. & govt. agencies of National, State, Municipal & Local levels, citizen & businesses, and to empower citizens through access & use of information.

E-governance is no more and no less than governance in an electronic environment. It is both governance of that environment and governance within that environment, using electronic tools (Zussman, 2002). This is a very broad definition given by David Zussman, President of Public Policy Forum in his Keynote Address, reflecting the far-reaching implications of information and communication technologies.

## 3. E-GOVERNANCE FOR DEVELOPMENT OF INDIA

The concept of e-governance is now moving towards reality for Indian citizens. The country is graduating from pilot e-governance projects to bigger Mission Mode projects. The core strategy for India is to move ahead in a systematic manner, and the approach is to achieve success step by step. The financial sector is revolutionized through ICT, but the democracy and e-voting concept is still a dream. The National e-Governance Plan (2003-2007) of Indian Government seeks to lay the foundation and provide the impetus for long-term growth of e-Governance within the country. The plan seeks to create the right governance and institutional mechanisms, set up the core infrastructure and policies and implements a number of Mission Mode projects at the center, state and integrated service levels to create a citizen-centric and business-centric environment for governance. In 2005, the World Bank signaled its willingness to increase funding further (if required) for a range of e-governance initiatives in India as part of the first phase of the country's National e-Governance Plan (NeGP). Mission 2007: every village to be a knowledge centre aims to provide knowledge connectivity to every village of India by August 15, 2007, according to the policy of Indian government. The government has set this target

according to national e-governance plan (2003-2007) and a National Alliance for Mission 2007 was formed in 2003. An apex committee under the Cabinet Secretary is already in place for providing the strategic direction and management oversight. Knowledge village seems to a distant dream. Case of Gujarat interstate border check posts: e-Governance causes reduction in corruption and increase in tax revenues. In Gujarat, a team of techno-savvy bureaucrats have finally succeeded in bringing corruption under check and consequently increasing state's tax revenues through the effective usage of computers and other electronic devices at some 10 remote interstate border check posts.

## 4. REVIEW OF LITERATURE

A review of literature is essential to have a bird's eye view of the finding of other academic researchers. It helps to familiarize with the work that has been done in that area, eliminates the possibility of unnecessary duplication of efforts and helps improvising a valuable information on research techniques.

Richard Heeks (2001) studied the effect of new information and communication technologies and how it can make a significant contribution to the achievement of good governance goals. The paper outlines the three main contributions of e-governance: improving government processes (e-administration); connecting citizens (e-citizens and e-services); and building external interactions (e-society). Case studies are used to show that e-governance is a current, not just future, reality for developing countries. However, most e-governance initiatives fail.

Mohammad Shakil Akther et al (2005) in their study on an e-government project in Bangladesh highlight that most e-government projects within developing countries employ high-technology intervention whereas citizens are not ready for this. There are successful projects which took low end route. This paper examines one such project to find out the reasons behind its success. The research concludes that stakeholders' participation is the driving factor for success.

Saxena, K.B.C. (2007) is of the opinion that E-governance initiatives in most countries promise a more citizen-centric government and reduce operational cost. Unfortunately most of these initiatives have not been able to achieve the benefits claimed. Often the reason for this failure is a techno-centric focus rather than a governance-centric focus.

The study by F. Corradini, et al (2009) highlights that Digital identities, profiles and their management enable online interactions and transactions among people, enterprises, service providers and government institutions. The paper concludes by outlining future trends and the potentiality of the extended digital identity in both public and private sectors. Within an e-Government's domain it is possible to enforce the dentity Management framework in a more specific way.

## 5. MAPPING E-GOVERNMENT

E-government (E-gov) is a function of four variables: governance (G), information and communication technology (ICT), business process re-engineering (BPR) and e-citizen (EC). It can be stated as an equation, which may be called the first e-government fundamental equation, thus:

$$\text{E-gov} = f\,(G,\,ICT,\,BPR,\,E\text{-}C)$$

where E-gov = E-government, f = Function, G = Governance, ICT = Information and Communication Technology, BPR = Business Process Re-engineering, and E-C = Electronic Citizen. The four independent variables - G, ICT, BPR, E-C, require elaboration. There cannot be any e government (e-gov) without good governance, sound information and communication technology (ICT) infrastructure support, a critical examination of existing administrative procedures followed by appropriate administrative reforms, here designated as business process re-engineering (BPR) and, finally, meeting the needs of e-citizen, a citizen who seeks public service delivery and interacts with state online, a citizen of the virtual state and a member of emerging e-society.

## 6. CONCEPTUAL MODEL OF e- GOVERNANCE
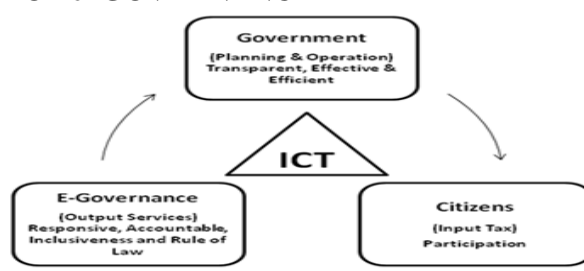
## 7. ICT usage in various Countries

| Country | PC's / 100 | Telephone lines / | Internet Users / 100 |
|---|---|---|---|
| India | 2.76 | 3.37 | 6.93 |
| Canada | 94.58 | 55.48 | 76.77 |
| UK | 81.21 | 55.43 | 66.15 |
| USA | 79.89 | 53.35 | 71.94 |
| Australia | 75.70 | 47.05 | 54.19 |
| Singapore | 72.61 | 41.91 | 69.99 |
| New Zealand | 54.15 | 40.83 | 80.41 |

Source: International telecommunication Union, World Telecommunication/ICT Indicators

## 8. WHY INTRODUCE E-GOVERNANCE?

The purpose of implementing e-governance is to enhance good governance. Good governance is generally characterized by participation, transparency and accountability. The recent advances in communication technologies and the Internet provide opportunities to transform the relationship between governments and citizens in a new way, thus contributing to the achievement of good governance goals. The use of information technology can increase the broad involvement of citizens in the process of governance at all levels by providing the possibility of on-line discussion groups and by enhancing the rapid development and effectiveness of pressure groups. Advantages for the government involve that the government may provide better service in terms of time, making governance more efficient and more effective. In addition, the transaction costs can be lowered and government services become more accessible.

## 9. e-GOVERNANCE INITIATIVES IN INDIA

The government in India has been continuously endeavoring to provide citizen services in a better manner. There have been several successful initiatives and many noteworthy projects have been undertaken in various states of India. The present work tries to study the various e-government projects across India with a view to explore the natures of implementations of these projects, benefits imparted from them to citizens. Some of the successful initiatives are: Gyandoot, e-seva, SETU and SUDA. The first such project to gain prominence is Gyandoot in the state of Madhya Pradesh. Gyandoot, arguably, has more services under its ambit than other projects . Gyandoot is an intranet connecting rural cyber cafes catering to the needs of citizens. The present scope of the project is limited to land records and the immediate needs of the citizens that can be fulfilled at local government level. The success of the Gyandoot project is due to: Single window facility for the citizens to avail the information, Empowerment of citizens, a model for public – private partnership in providing the e-governance service to the citizens and for facilitating entrepreneurship among the rural mass through ownership of the information kiosks.

E- Seva is the first major initiative in the country to employ information technology as a tool to improve services for citizens. The Andhra Pradesh government launched the e-seva programme to provide integrated services to citizens of the state. The e-seva center is a onestop- shop for more than 30 government-to-consumer (G2C) and business-to-consumer (B2C) services. From payment of electricity, water and telephone bills to the issue of birth and death certificates, permits and licenses, reservation of bus tickets and receipt of passport applications, the e-seva centers offer a wide range of services under one roof.

**Some of the foot prints towards e-Governance by the states of India**

| State/Union Territory | Initiatives covering departmental automation, user charge collection, delivery of policy/programme information and delivery of entitlements |
|---|---|
| Andhra Pradesh | e-Seva, CARD, VOICE, MPHS, FAST, e- Cops, AP online – one –stop-shop on the internet, Saukaryam, Online transaction processing, e-immunization Rural Health Call Center and Site Suitability for Water Harvesting, Professional e-Pension |
| Bihar | Sales Tax Administration Management Information, E-Khajana |
| Chhattisgarh | Chhattisgarh InfoTech Promotion Society, Treasury Office, e-linking project |
| Delhi | Automatic Vehicle Tracking System, Computerization of website of RCS office, Electronic clearance system, Management Information System of Education, Delhi Slum Computer Kiosks etc. |
| Goa | Dharani Project |
| Gujarat | Mahiti Shakti, Dairy Information System Kiosk (DISK), Request for government documents online, Form Book Online, G R book Online, Census Online, Tender Notice. |
| Haryana | Nai Disha, Result through Binocular |
| Himanchal Pradesh | Lok Mitra, HIMRIS ,e-pension, Unreserved Ticketing System by Indian Railways |
| Jharkhand | Vahan, Tender Notice |
| Karnataka | Bhoomi, Kaveri, Khazane |
| Kerala | e-Srinkhla, RDNet, Fast, Reliable, Instant, Efficient Network for the Disbursement of Services (FRIENDS) |
| Madhya Pradesh | Gyandoot,Gram Sampark, Smart Card in Transportation Department, Computerization MP State Agricultural Marketing Board (Mandi Board), Headstart etc. |
| Maharashtra | SETU, Koshvani, Warana Wired Villages, Telemedicine Project (Pune), Online Complaint Management System Mumbai |
| Orissa | E-Shishu, Common service centres (CSCs) in  panchayats |

## 10. CHALLENGES FOR E-GOVERNANCE IN INDIA

There are a large number of obstacles in implementation of e-Governance in India. These can be categorized under the following titles: Environmental and Social Challenges, Economical Challenges and Technical Challenges. These challenges are explained below:

## A. ENVIRONMENTAL AND SOCIAL CHALLENGES

➢ *Different Language:* India is a country where people with different cultures and different religions live. People belonging to different states speak different languages. The diversity of people in context of language is a huge challenge for implementing e-Governance projects as e-Governance applications are written in English language. And also, English may not be understandable by most of the people.

➢ *Low IT Literacy:* Much of the Indian people are not literate and those who are literate, they do not have much knowledge about Information Technology (IT). Most of the people in India are not aware about the usage of Information Technology. So, in India, having such low level of IT literacy, how can e-Governance projects be implemented successfully? We can say that IT illiteracy is a major obstacle in implementation of e-Governance in India. So, first of all Indian people must be made aware about the usage of Information Technology.

➢ *Recognition of applications:* Recognition of the e-Governance facilities by the citizens is another huge challenge. It is a challenge to have all the citizens well aware of the facilities offered by the e-government and have them to trust in it, so that citizens should be ready to accept these facilities.

➢ *User friendliness of government websites:* Users of e-Governance applications are often non-expert users who may not be able to use the applications in a right manner. Such users need guidance to find the right way to perform their transactions. Therefore, government websites must be user friendly so that more and more people can use them easily.

➢ *Services are not accessible easily:* The concept of e-Governance is claiming for increased efficiency and effectiveness of the government, but these goals will be achieved only if the service will be available to the 100% of the citizens. So, every service should be accessible by anybody from anywhere and anytime. Even if the users of Internet are growing but still there is a major part of Indian population which is not able to access e-Governance activities for variety of reasons.

➢ *Struggle to Change:* The struggle to change phenomenon can explain much of the hesitation that occurs on the part of the constituents in moving from a paper-based to a web-based system to interact with government.

➢ *Population:* Population of India is probably the biggest challenge in implementing e-Governance projects. As population is considered to be an asset to the country but it also offers some other challenges e.g. establishing person identities.

➢ *Lack of integrated services:* Most of the e-governance services which are offered by the state or central government are not integrated. Lack of communication between different departments of government may be its major cause. Therefore, the information that resides within one department has no or very little meaning to some other department of the government.

➢ *Lack of awareness in people:* Most of the Indian people are not aware of the benefits of e-Governance services. Even the governments do not pay much attention to make the people aware about e-Governance activities. Unawareness is a major challenge in the implementation of e-Governance projects.

## B. ECONOMICAL CHALLENGES

➢ *Cost:* In developing countries like India, cost is one of the most important obstacles in the path of implementation of e-Governance where major part of the population is living below poverty line. A huge amount of money is involved in implementation, operational and evolutionary maintenance tasks. These costs must be low enough so that to guarantee a good cost/benefit ratio.

➢ *Maintenance of electronic devices:* As the Information Technology changes very fast and it is very difficult for us to update our existing systems very fast. Regulations of different devices and their different characteristics may vary and the system in use must be capable to handle all the emerging needs. Maintenance is a key factor for long living systems in a rapidly changing technical environment.

➢ *Low per Capita income:* Per capita income means how much each individual receives, in the terms of money, of the yearly income generated in a country. This refers to what each individual receives if the yearly national income is divided equally among everyone. Per capita income of India is low as compare to the other countries. Therefore, people cannot afford on-line services provided by the government which is a challenge for implementation of e-governance.

## C. TECHNICAL CHALLENGES

➢ *Interoperability:* Interoperability is the ability of systems and organizations of different qualities to work together. The e-Governance applications must have this characteristic so that the newly developed and existing applications can be implemented together.

➢ *Scale of applications:* e-Governance projects have to be designed to scale from the day one. e-Governance is supposed to affect every citizen of the country, so e-Governance applications must have the scale to interface with every citizen.

➢ *Privacy and Security:* A critical obstacle in implementing e-Governance is the privacy and security of an individual's personal data that he/she provides to obtain government services. With the implementation of e-government projects, some effective measures must be taken to protect the sensitive personal information of the people. Lack of security standards can limit the development of e-Government projects that contain personal information such as income, medical history etc.

## 11. CONCERN FOR e-GOVERNANCE IN INDIA

| | | RURAL | URBAN |
|---|---|---|---|
| **I S S U E S** | | Lack of infrastructure | Concern for security |
| | | Less literacy | Concern for privacy |
| | | Less Computer literacy | Lack of time |
| | | Lack of Awareness of the function | |
| | | Fear from Bureaucracy | |
| | | Social and economic disparity | |
| **S O L U T I O N S** | | Education | Technical supported security & privacy through Bio-metrics etc |
| | | Computer & Internet Education | Well placed IT & security rules |
| | | Transaction through other media like phone or mobile or cable TV | Inter-operability |
| | | Proper Training | One stop shopping |
| | | Cheap & Simple procedure | Transparent system |
| | | Availability of ICT facilities | |
| | | Easy to operate | |
| | | Accessibility to all | |

## 12. CONCLUSION

E-governance is an evolutionary phenomenon and requires a change in the mindset of one and all – citizen, executives or the government. There are many challenging issues lying ahead. Security is the main concern for the citizen, and redefining rules and procedures, information transparency, legal issues, infrastructure, skill and awareness, access to right information, inter-departmental collaboration, tendency to resist the change in work culture, Unawareness in people, local language of the people of a particular area, privacy for the personal data of the people etc., are main challenges which are responsible for the unsuccessful implementation of e-Governance in India. Government must take some actions to make the people aware about the e-Governance activities so that people may take full advantage of these activities and e-Governance projects can be implemented successfully. The participation of people can play a vital role in implementation of e-Governance in India.

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# STUDY OF POWER SECTOR REFORM PROGRAMS ACROSS THE WORLD AND LESSONS FOR INDIA

**Govind Srivastava[1] and Vinish Kathuria[2]**

Research Scholar[1] & Professor[2], SJM School of Management, Indian Institute of Technology, Bombay

**ABSTRACT**

*Indian power sector, in the past, was driven by political economy considerations leading to unsustainable level of performance. Prior to series of reforms starting from 1991 to the Indian Electricity Act 2003, there has been continuous effort to learn from the global experience by the policy makers. In our present study, we study the context of reforms in many leading countries and how the expectation from the reforms were met immediately after the reforms were implemented.*

*Keywords: Reforms, privatization, efficiency*

## 1. INTRODUCTION

The reforms in power sector started with the premise that the vertically integrated model of power generation, transmission and distribution business is no longer a necessity (Dubash 2005). Instead, competition is possible in the sector in far greater extent than previously thought (Michaels 2004). The co-ordination can be better performed by the market and the network elements can be subjected to regulation. Electricity restructuring has, over time, converged to "standard model" (Hunt and Shuttleworth 1996). The most fundamental in restructuring of existing utilities is to create entities by vertical unbundling that will compete in the market. Since the vertically unbundled entities may not be sufficient in number to effectively compete so liberalization to allow newer firms to enter is also part of this mechanism. Also where there is a prior history of regulated industry deregulation is also included. There were many reasons that triggered the push for electricity restructuring, most notably, the pattern of demand and supply in industrial world (Rosenzweig 1997). The demand of electricity was falling and the electricity companies were losing their revenues fast.

Unlike the developed nations, where the restructuring was happening in a well-functioning and reliable system to get more efficiency, the developing countries adopted the restructuring to overcome the financial sickness of the sector. The restructuring was also made necessary by the World Bank to avail the loans from them. With such requirements in place, the restructuring started in developing countries for very different objectives of reforming the utilities to gain viability. Meantime failure of electricity market in California State in the USA and other similar news of power restructuring failures led many to believe that restructuring of electricity is not possible. This paper is an enquiry into the power-sector restructuring across the world and to see if there are any similarities in the reform process or not and what lessons India can draw?

The rest of the paper is organized as follows. Section 2 gives the context of power sector reforms in the two most developed countries – the United States of America (US) and the United Kingdom (UK). Section 3 talks about power reforms in Latin America. Section 4 briefly discusses the reforms in New Zealand, whereas. Section 5 describes the background of reforms in South-east European countries. Section 6 provide details about reform program in South Africa. The paper concludes with the summary of these various reform programs, initial expectations and immediate outcomes and lessons for India in Section 7.

## 2. POWER SECTOR REFORMS IN DEVELOPED COUNTRIES

### 2.1 The US Power Sector Reforms

In the 1970s, the US electric utility industry was faced with increasing cost and sluggish demand (Seth 2005). Efforts at lowering costs and revitalizing the industry through competition have remained disappointing. The prices were not falling for consumers, except for regulator interventions. The merchant generation sector was suffering a financial crisis hurting competition in both retail and the wholesale markets. Amid this background the experts pushed for deregulation hoping to provide a stimulus to the stagnant sector. However, according to few researchers (see for example, Lave *et al.*, 2004), it was not be as simple case as it looked at the outset.

**a. Electric Power Industry in US - The Generators' perspective:** The electricity industry in the US emerged in late 1800. It started off on competitive lines. Initially, AC and DC systems competed for technical acceptance till AC system emerged as clear winner. However, the fierce competition among AC power generators continued. The earliest pioneer, who realized that competition was too costly for this industry, was Samuel Insull who succeeded in establishing a large scale power plant. Still the industry found itself vulnerable to competition. By 1910, the 'natural monopoly' consensus had emerged (Hirsch 1999). Vertically integrated

electricity utilities were provided rights by regulators. This model guaranteed steady profits and was attractive for investors. However, it was also prone to corruption as regulators could be bribed to set higher tariffs.

Nonetheless the model worked till the era of reforms started around 1970. Interestingly, the privatization was not the goal of US electricity reforms as was the case in other reforming countries. The large utilizes were already in private hands. Here the policy makers were more concerned about cost control as prices were generally falling every year starting right from 1890 to 1970.

The trend only reversed in 1973 following the first oil crises. At the same time, growth in demand started to decline. This trend brought many utilities to bankruptcy. At the same time similar problems were being encountered in other regulated and integrated industries like trucking, airlines, natural gas etc. The deregulation had solved many perennials problem in these industries. The policy makers thought the same could be the case with electricity industry too. By a Congressional Act in 1978, the Independent power producers, IPPs, were allowed to generate under long term contract often at very expensive rates. This did not help the policy makers' objective to keep prices down. Subsequently in 1992, another Congressional Act allowed competition in the wholesale trading between IPPs at the price fixed by the market. When this measure too failed to produce the result, the two states, California and Pennsylvania, decided to go for more drastic measures to promote competition by establishing centralized spot market. The hope was to get reduced prices but this even led to show of market power by the firm to such extent that it culminated as full blown California power crisis in 2001.

This event triggered the debate whether deregulation was needed at all or instead the industry needed restructuring. By 2005, the restructuring plans, though varying among states to states, had some similar features. These include: a) Vertical disintegration of generation, transmission and distribution businesses; b) Creation of centralized hourly spot market; c) Creation of Independent system operator or regional Transmission organization ISO/RTO); and d) Introduction of retails competition.

In the late 1990s when California and PJM markets opened up for competition, merchant generation companies were in a very comfortable situation. The electricity prices were ever increasing and gas prices were going down leading to large profits. This led to disproportionate growth in investment in merchant generation. With gas price rising up many of such investments were proved to be uneconomic. Inviting much higher interest rates from the banks as banks downgraded their credit ratings.

**b. The Transmission Sector:** The pricing of congestion was steadily rising in US grids sending signals for more investment. However for competitive effectiveness it the capacity of grid must rise faster than it is done so far. It must also remain in public domain as otherwise there is a chance that the competitive force may not do justice to open access policy.

**c. Retails Markets, the missing links:** One frequent criticism of California market is that the retail prices have remained fixed while wholesale prices have sky rocketed (Jackow 2003). The generators had sensed opportunity to jack-up the prices as there was inadequate transmission capacity so power from outside could not be imported while the local generators started supplying less pushing the cost. Perhaps the consumers would have adjusted their power demands had the increase of power been passed over to them. Though politically, how far such this proposition can take us is any body's guess. Figures 1 and 2 depict these happenings.
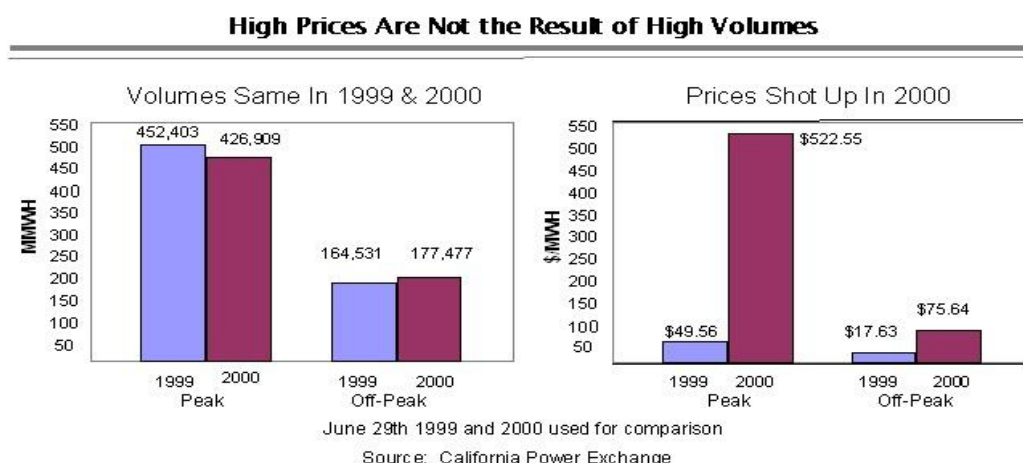


Figure 1: The wholesale power prices in US in 2000
Source: Kahn and Lynch (2004)
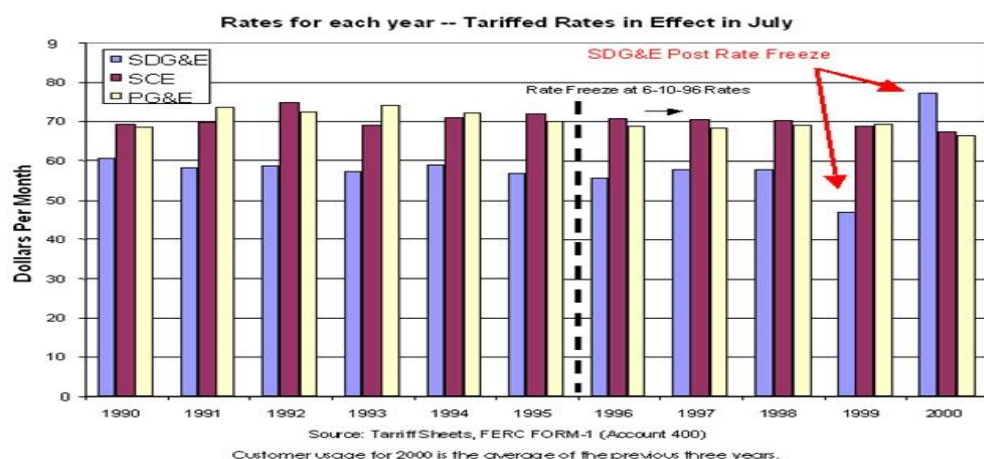
Figure 2: The retail power bills in US
Source: Kahn and Lynch (2004)

The State of Massachusetts was embarking on real time pricing to overcome this missing link between wholesale and retail power markets. The competition in wholesale market was supposed to benefit the consumers. How far this has happened in the US is not clear. A study suggests that such an amount will be roughly 1%, which is a very small amount, going by the expectation. The US experience drives us to two questions: 1. What is the extent to which the US electricity industry should have been deregulated?; and 2. What should have been the speed and breadth of these power sector reform (Joskow 1997)?

## 2.2 The British Experience
British electricity reforms were the first to happen in the world (Stephen 2005). However, in 1987, when the reforms started, there was little pressing need. The prices were in line with other European countries, the industry was profitable and investment needs could be readily financed. However there were three very strong non-sector objectives that influenced the reforms decision, namely a) generation of government revenues; b) widening of share ownership; and c) breaking of union power.

**a. Restructuring of Industry Structure:** The ideal British reform model required industry to split into two competing industries namely generation and retail supply and two monopoly activities high voltage transmission and low voltage distribution. In 1990, many factors made it impossible to execute this plan including the unfamiliarity of the investors to some activities of the industry to properly assess the companies' worth for sale and purchase.

**b. The Generation Business**
The central electricity generation board (CEGB) was split into two privatized generators, National Power and Power Gen. There remained a publicly-owned nuclear generator, Nuclear Electric and a transmission company, National Grid Company. The 12 regional distribution/retail companies became regional Electricity companies (RECs). However, the Government's commitment to nuclear power, then providing 15 per cent of countries total power, prevented the creation of a competitive field for generators. Therefore, in-effect the generation market became a duopoly, on one hand National Power and Power Gen and on the other hand, Nuclear Electric. The RECs were allowed to buy up to 15 per cent of their power from their owned plants. Thus the very principle of separation of generation and retail was compromised. Till 1998 the Generators were buying retail companies and retail companies were buying generators. In 2000 the National Power ran into financial difficulties and was split into two companies Innogy and International Power. Subsequently, in 2001 these two companies and Power Gen were taken-over by the German companies RWE and E ON. At the same time French company EDF and US company TXU also entered the UK market to purchase retail and generation plants. Table 1 sums up the generation scenario in1990 and in 2004.

**Table 1: No of players in generation market in UK over the period**

| S.No | Owners In 1990 | Capacity1990 GW) | Owners in 2004 | Capacity GW) 2004 |
|------|----------------|-------------------|----------------|--------------------|
| 1 | National Power | 30 | British Energy Nuclear) | 9.6 |
| 2 | Power Gen | 20 | Innogy RWE) * | 8.0 |
| 3 | Nuclear Electric | 8 | Power GenE ON)* | 8.3 |
| 4 | - | - | Scottish& Southern* | 5.3 |

| 5 | - | - | Scottish Power * | 4.7 |
|---|---|---|---|---|
| 6 | - | - | EDF* | 4.7 |
| 7 | - | - | BNFL insolvent) | 2.7 |
| 8 | - | - | Centricia* | 2.2 |
| 9 | - | - | Others | 9.2 |
| 10 | - | - | Plants repossessed by banks | 7.9 |
| 11 | - | - | Plants for sale | 6.3 |
| 12 | Total capacity | 58 | | 68.9 |

*Note*: * - companies with generation and retail businesses
Source: Stephen (2005).

From the above, it appears that the generation market appeared competitive in 2004. Eight companies had more than 3 per cent of the market and no company had more than 15 per cent of the market share. However, 40 per cent of the capacity is owned by the companies that are in financial distress. The foreign origin companies such as EDF, E ON and RWE were doing very well in the British market and making significant profits there. It is interesting to note that separation of generation and retailing almost got blurred by 2004.

### c. The Retail Supply, Distribution and Transmission business
The RECs were asked to make the accounting separation between their distribution and retailing business. Initially they were protected from takeover by the golden shares requirement for 5 years. The regulator's concern was to eliminate any possibility to subsidize the retail business from the competition chocking off in the distribution business. By 2004 the distribution of half of the region of England, Wales and Scotland were owned by companies other than the owners of retail business. EDF, Scottish Power, Power Gen and Scottish and Southern operate in both distribution and retail.

In 1990 the priority of the government was to ensure that transmission should not be owned by the generator to avoid possibility of unfair network access. Government was successful in achieving this objective by creating Nation Grid Transco in 2003.

### d. The performance of wholesale market
The creation of highly competitive wholesale electricity market was the centerpiece of British reforms. In 1990, the cost of generation comprised 60 per cent of the retail of electricity. Most of the rest was accounted by network charges, distribution by 25 per cent and Transmission 5 per cent. It looked quite reasonable that a competition in generation will bring down the cost.

The Power Pool operated from 1990 to 2001. Its governing principles were

a) All generators would have to make a successful bid into the pool to operate their plants.

b) The Pool price will be set by highest successful bid and paid to all successful bidders.

c) The retailers would have to buy all their supplies from the pool.

The main problem with the Pool was the capacity payment mechanism which was abused by the generators (Thomas, 1997). This led to unpredictable Pool prices that generators and retailers had no confidence in. They relied on contracts outside of pool bilateral arrangement. It was proved by 2002 that British whole sale market was risky following many ups and downs during 1990-2002.

Even if the pool had worked as expected with all wholesale power bought at pool prices it is difficult to see any advantage to the customer because of competition in the retail market as retail contributed only 5 % of the over all cost. Data from 1998 shows that price reduction won by the large customer is often paid by the smaller consumers. Retailers were allocating expensive power to the captive market and cheaper one for the competitive market. Power UK reported that wholesale prices went down by 35 % from January 1999 to 2002 but price paid by large consumers fell by 22 % only where as for small consumers it in fact rose up by 5%.

Why the prices have fallen down in British market is a subject of intense debate. But experts doubt that of is because of any market mechanism. The reasons attributed are

- Real fossil fuel prices paid by British Generators have fallen by 50 % for coal and 30 % for gas from 1990-2001.

- The Electricity industry was privatized for about one thirds of its asset value. So the generators saved capital in this investment.
- More efficient combined cycle gas turbine became available.

Post 2004, the prices are again rising (Stephen, 2005).

**e. Assessment of the Structure of British Power Sector**
The government decision to allow integration of generation and retailing means that originally planned fully competitive structure is not workable. Of the six integrated companies the parent companies of three foreign companies are much larger than the three British Owned companies. In a few years, the British market could be dominated by three or four companies with no interest in competition and with little prospect to new entrants. In light with above, the authors opine that instead of going out for full scale competition and privatization it is better to allow private and public some part of the pie. There is also a strong case in favor of integrated resource planning IRP) techniques to ensure that low cost generation options are fully explore.

**3. POWER SECTOR REFORMS IN LATIN AMERICA**
Power Sector reforms have been wide spread in Latin America and the Caribbean (LAC). Since Chile's pioneering efforts in the 1980s to introduce comprehensive reforms. These reforms must be viewed against the background of the failures of the old regimes. Lack of incentives for efficiency and tariff level barely reflecting the cost with few exceptions, state owned enterprises SOEs) with huge accumulated financial deficits. The inadequate incentives were related to the role separation in government that allowed political abuse of power utilities. The rent seekers groups were allowed to capture the sector and its consequences were poorly targeted subsidies, inefficient and in sufficient expansion of distribution. and a sector acting as an employment agency vulnerable for corruption. The reform planners proposed that by attracting the private investors the burden on government will decrease.

**Accomplishment and Challenges:** The reform process has occurred in waves and has not reached to all nations in the continent. The example of Chile was followed by Argentina in 1992 and later by Bolivia and Peru. By mid nineties it had spread to Brazil and Colombia.

**a. Private Sector investments:** Generation capacity has expanded vigorously in the reformed sectors total investment of $ 193 b, 77 b$ occurred in LAC (World Bank report 2005). But new investors have been few, particularly after demand stagnated around 2004-05

**b. Efficiency Gains:** Most privatized distribution companies increased their efficiency by cutting losses and increasing customers per employees e.g. CODENSA, the privatized Bogotá Distribution company, halved its losses from 24 per cent to 12.5 per cent roughly (Jaime 2005).

**c. Reduction in wholesale prices:** In the countries where the competition was introduced, the whole sale prices generally fell for example in Argentina by 30 %, 20 % in the Colombia.

**d. Challenges:** However, the gains were not equitably distributed. The main beneficiary of the lower prices was large customers. The regulatory systems have also not evolved in these countries towards improved transparency. Regulators, governments and legislators often find themselves in the conflict of interest. There is also inadequate separation of multiple roles played by the government. Combining all this, the performance, integrity, independence and credibility of regulation instrument has been doubtful.

The challenges emerge from many reasons such as lack of credible commitment from the government or lack of complementary institutions such as effective law enforcing agencies. Sometimes, even the sequence of the reforms has played a significant role in the outcome. The text book sequence would start with establishment of sound regulatory frame work, continue to restructure government assets and organize the markets: after which it would privatize: starting with distribution. This sequence has advantages: allowing the sector to develop the desired structure and sending right signals to investors.

But the window of opportunity of power sector reforms is small forcing the governments to frequently depart from this text book methodology. In fact, most reforms have been results of negotiation among stockholders that needed big compromises. Such compromises have undermined the results in some countries such has been the results in case of Brazil.

The power sector reforms have made significant progress to overcome problems that plagued the pre reforms power sector in LAC (Pollitt 2004). But it still faces significant challenges. Some of it arise because of technological issues, while others arise because many LAC countries lack the institutional development and the human resources implicit in the adopted model.

## 4. POWER SECTOR REFORMS IN NEW ZEALAND

New Zealand is the only country in the world which has implemented forced ownership unbundling of distribution from rest of the electricity supply industry. Under ownership unbundling a separate company owns and operates the network assets. This company is not allowed to own the non-regulated generation and/or retail activities.

Traditionally the electricity industry is viewed as that exhibits strong vertical integration economies (Michaels 2006). However, this view was challenged by modern school of thought (Weis 1975) who argued that efficiency benefits from competition outweighed the cost of vertical separation. The literature seems to suggest opposite evidence to the suggestion from the modern school of thought. There also very little literature on cost versus vertical separation issues.

The actual liberalization and deregulation of New Zealand electricity market began in 1992 with Energy companies act. The distribution companies called Electricity Supply Authorities, ESAs, were offered deregulation and self-regulation regimes. The government followed up the 1992 bill by another Electricity Industry reforms act in 1998 to take care some of problems observed during the 1992-98 period such as bringing more competition in generation by further splitting the existing large company ECNZ and forcing the industry to facilitate the switching of suppliers by the customer at their choice.

There is scholarly work to check the following hypotheses

1. Owner ship unbundling leads to increase in retail competition.

2. Owner ship unbundling causes the quality of network to remain same or improve.

3. The Owner ship unbundling leads to one off transaction cost but subsequently lower the unit operational cost.

It is observed that commercial electricity prices have fallen, the industrial prices have remained flat and the residential prices have increased. In turn the average electricity prices have remained same. It appears that for large commercial customers the competition has increased but average electricity prices have remained same. The price cost margin too, after declining between, 1997-2001, have steadily increased. Number of participants in the competition fell from 43 to 22 suggesting more concentration and lesser competition.

The weighted average System average interruption duration index (SAIDI) pre-unbundling was 191.4 min which fell to 136.2 min. The weighted average System average interruption frequency index (SAIFI) which was 2.7 pre-unbundling fell to 1.8. The weighted average CAIDI Customer average interruption duration index) pre-unbundling 71.8 min increased to 75.1 min suggesting that quality has improved whether or not a causal relation exists.

The results shows that price –cost margin have increased from NZ$ 1.63 in 1995 to NZ$ 2.64 in 2002 suggesting that operation cost reduction were not passed to the customers.

The effect of ownership unbundling on retail competition has been mixed. After a dropping price-cost characteristic suggesting increased competition, the competition has reduced. The quality of networks has been better following unbundling and there is a substantial operational cost saving

## 5. POWER REFORMS SOUTH EAST EUROPE (SEE) MARKET

Some member countries of the European Union (EU) have made progress in implementing the electricity reforms like the UK, Norway (Pollitt 2005). It may be the case that the reforms in these successful nations started primarily to address the problem arising from over capacities and operational in efficiencies. On the other hand the South East Europe (SEE) nations have problems of in-sufficient capacity, poor reliability and lack of investment to begin with (Bergra 1997).

The EU-15 model compels the members to move away from vertically integrated monopoly business model to deregulated competitive electricity markets. This models, though requires unbundling of utilities but does not necessarily require privatization of any asset currently held by state. This model requires structural reforms (Jamsb 2005). The key agency to supervise the reforms in the EU countries is National regulatory agency. There is a strong correlation between the strength of regulatory agency and progress of electricity reforms. In general, the freedom, non intervention and transparency that the regulator enjoys determine the progress of reforms.

The SEE countries also face a typical challenge of their smaller sizes. There market needs to be on regional terms rather than on national terms as weather conditions are regional and have significant effect on power

requirement. Schemes to protect consumers of lower income are yet another important challenge. Traditionally, owing to various reasons, the electricity tariffs remain below cost reflective level in South East European countries. Challenge for SEE countries is to raise prices to economic levels. However such tariff change is fraught with socio-political consequences. The residential consumers get affected most by such tariff increase. European Bank of Reconstruction and Development estimated that the residential consumers can afford maximum expenditure of energy not more than 10% of their income. However, with reformed tariffs the poorest deciles of the population spends more this limit.

In some countries of SEE region, the gap between prevailing tariffs and cost reflective tariffs is very large, for example, in case of Albania this is more than 100 %. The electricity consumption/expenditure increases with income, but less than proportionately. Price increases are likely to be regressive, because they claim a higher percentage of income of poorer segment of population.

The literature gives insight about two SEE countries, Albania and Bulgaria. These two countries provide an interesting contrast. Bulgaria has raised the electricity tariff to cost reflective levels, while in Albania the tariffs are much below the cost (Kennedy 2006).

The tariff rationalization has tendency to hit hard the poorest segment of the society. The subsidized low pricing for low consumption could be valuable tool to keep this segment of the society under economic main stream. Electricity reform is a part of wider institutional reforms. It will not be successful unless there are sufficient institutional reforms in the rest of the economy. For SEE countries the existing EU model may not be useful in its entirety but it can be adapted to suite the needs.

There are similar references in the literature on the Power sector reforms in Sub-Saharan Africa (SSA) region in 1990s. The main driver of reforms was to attract investment under the directives of World Bank. Here too the standard UK model had been tried. However it has not been able to meet the desired objectives as it led to the replacement of state monopolies by Large MNC monopolies.

These monopolies were not able to commit themselves to find the problems that SSA countries faced. For example these companies laid off worker to improve MW/employee ratio. In general the reforms only increased the problems faced by SSA countries (Wamukony 2005).

## 6. POWER SECTOR REFORM S IN SOUTH AFRICAN (SA)
The South African vertically integrated power utility Eskom was and continues to be a well governed and financially viable public company.
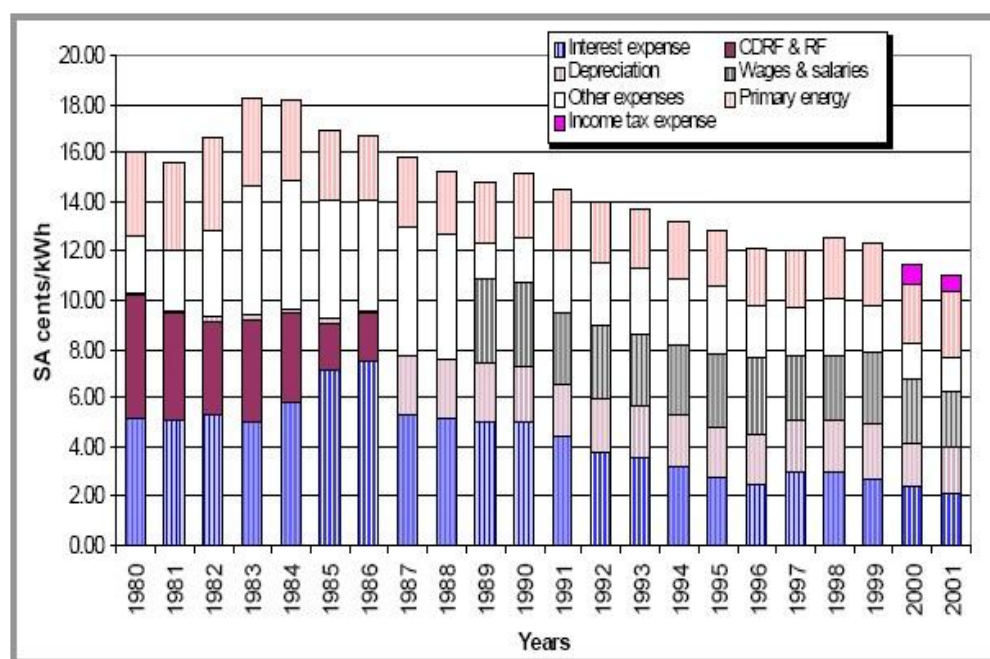


*Source:* Eskom Annual Reports
(The Capital Development Fund was abolished after 1986; wages and salaries were not reported separately before 1989)

Figure 3: The cost structure of ESKOM in real 2000 value
Source: Eberhard (2004) (original source ESKOM annual report)
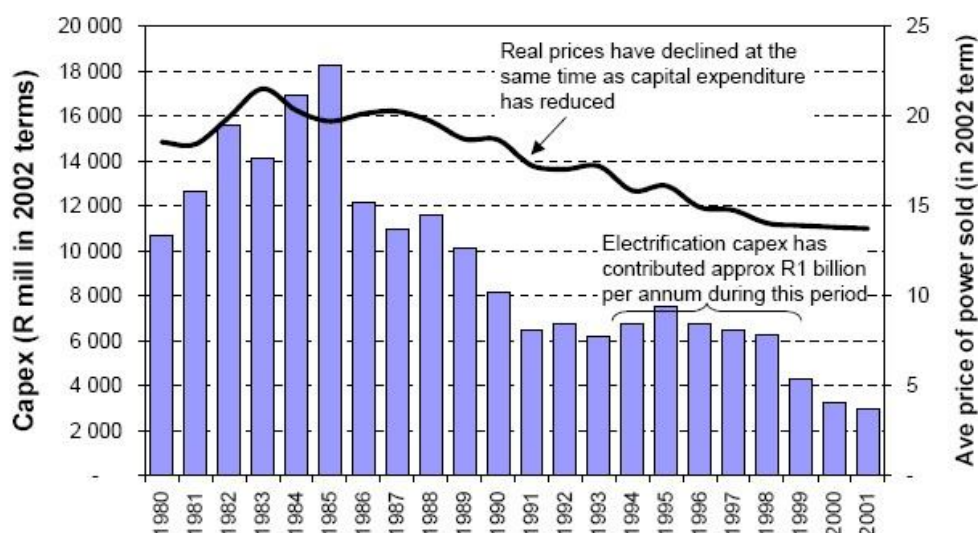
Figure 4: Capex and Price trend
Source: Eberhard (2004) (original source ESKOM annual report)

Therefore reforms in South Africa had no driver such as poor utility performance or lack of financial viability. The reform drivers were in deed SA specific.

a) Need to provide access of electricity to all following 1994 democratic revolution.

b) Government policy to improve the efficiency of State Owned Enterprises.

The reforms were catagorized in into two heads 1) Electricity Distribution industry (EDI) reforms; and 2) Electricity Supply Industry (ESI) reforms.

Small, poorly run, black dominated municipal power supply distributors were the legacy of apartheid era. Earlier they supplying to very small proportions of the black population and thus their poor performance had very little impact on the over all performance of the sector. But following 1994 democratic revolution the power connecticity to all vision was inplemented and thus the power connection grew from less than 500,000 in 1992 to 42,00,000 in 2001.
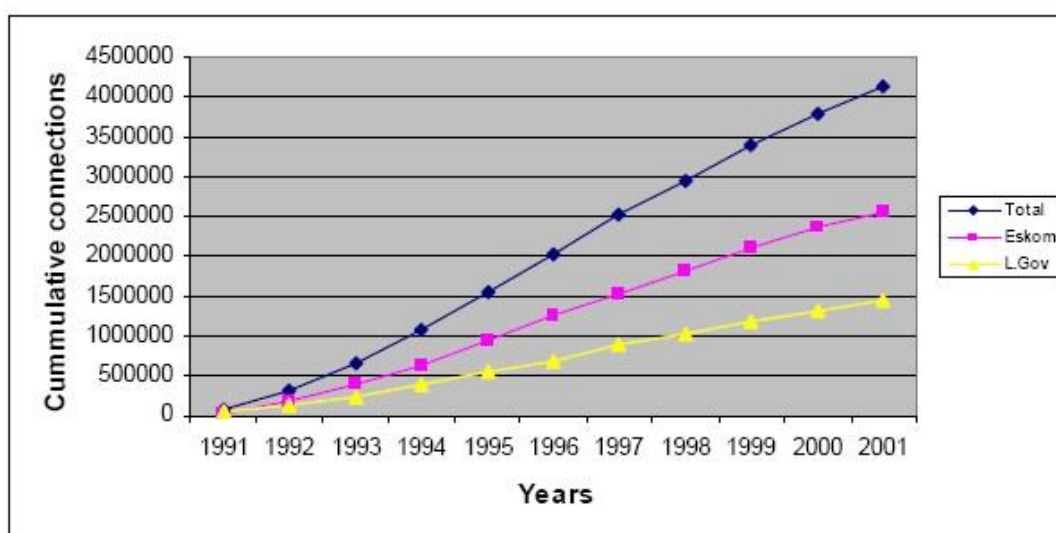


Figure 5: Growth of cumulative connections
Source: Eberhard (2004) (Original source: ESKOM annual report 2002)

Although most of these new connections were to very poor families who were consuming less than 100 kWhr per month.Nearly all the new connections were using prepayment technology. Inspite of the fact that ESKOM still **remained unbundled and was not privatised it could still achieve this feat with economic viability.**

**Therefore, the lesson appears that success of public benefit program is not dependent on industry structure per se.**

While there are some criticism of the state of ESI in Aouth Africa specially on the past investment decisions of Eskom. The government did commit to seperate generation and transmission businesses in 1998 but it met with stiff resistance from South African trade unions and even Eskom leadership. The government recalibrated its stand on reforms and in 2001 came out with " managed librealization" objectives. Under which Eskom will retain its Generation monopoly, Transmission will be a seperate state owned company and there will be competition in retail market. A regulatory frame work will be put in place to ensure non biased participation of independent power producers in the market.

**7. SOME LESSONS FOR INDIA FROM THE POWER SECTOR REFORMS ACROSS THE GLOBE**
The debate for Indian Electricity restructuring is influenced by international experience on this subject (Dubash 2005). The stated object of restructuring is to increase competitiveness in the sector and privatization of distribution companies. However, Indian power sector faces many challenges that cannot be fixed by competition alone e.g. Distribution reforms, subsidy removal, management practices, rural electrification and strengthening of regulatory institutions.

The competition is a poorly understood subject in electricity market.

**a. Price Record:** The electricity restructuring can be socially acceptable if they result into lower cost to the consumers. In case of the UK impressive efficiency gain resulted into overall 7.5 % price drop (Newbery 1997). However, the gains are disputed to be coming only from competition. The decrease coincides with dramatic decrease in coal prices more than 30 % for instance. In the United States, similarly, the price dropped from the regulatory mandate rather than competition. In Norway, though, there has been consistent pressure on downward electricity prices but during 2002 crisis, price volatilities were as high as 600 %, a politically unacceptable level. Latin America's experience has also been unfavorable on this count.

**b. Challenge of Electricity markets:**
Owing to some unique features of electricity commodity such as no possibility to store the goods to meet peak demand, creation of a free electricity market is very complex exercise. It needs very high investments to create a creditable market. Such investments may overweigh the advantage achieved by the market creation. Between the demand and supply the transmission infrastructure can totally change the picture of market dynamics. Congested transmission network may altogether deny consumers access to power suppliers. The available markets designs are still emerging as experience with electricity markets is very limited world vide. Some countries, like the UK have shifted their preference from free market to regulated ones.

Compared to wholesale markets the situation in retail sector is even more difficult with present technology there are very few takers for competition in retail businesses . In light with above instead of going out for full scale competition and privatization it is better to allow private and public partnership and go for localized variation of reforms as suited for local conditions.

**Table 2: Expectations from Reforms**

| S.No. | Countries | Vertical/Horizontal unbundling | Lower Power Prices | Privatization | Increased Choice for customer | Increased competition |
|---|---|---|---|---|---|---|
| 1 | Chile | √ | √ | √ | √ | √ |
| 2 | Argentina | √ | √ | √ | √ | √ |
| 3 | Brazil | - | √ | X | √ | X |
| 4 | United Kingdom | √ | X | √ | √ | √ |
| 5 | Norway | √ | √ | x | √ | √ |
| 6 | USA | √ | √ | √ | √ | √ |
| 7 | South Africa | √ | X | √ | X | X |
| 8 | Sub Saharan Africa | √ | √ | √ | - | √ |
| 9 | Indonesia | √ | √ | √ | √ | √ |
| 10 | Malaysia | - | √ | - | √ | - |
| 11 | Philippines | √ | √ | √ | √ | √ |
| 12 | Thailand | √ | √ | √ | √ | √ |
| 13 | New Zealand | √ | √ | √ | √ | √ |
| 14 | India | √ | √ | √ | √ | √ |

*Notes*: √: clear yes, X: clear No; -: not known
Source: Dubash (2005), Stephen (2005), Seth (2005), Jaime (2005), and Pollitt (2004)

## Table 3: Outcome of the Reforms

| S.No. | Countries | Outcome of Reforms | | | | |
|---|---|---|---|---|---|---|
| | | Vertical/Horizontal Unbundling | Lower Power Prices | Privatization | Increased Choice for Customer | Increased Competition |
| 1 | Chile | √ | √ | √ | - | - |
| 2 | Argentina | √ | √ | √ | - | √ |
| 3 | Brazil | x | x | x | x | x |
| 4 | United Kingdom | x | √ | - | x | x |
| 5 | Norway | x | x | x | √ | √ |
| 6 | USA | √ | x | √ | √ | √ |
| 7 | South Africa | x | - | x | √ | x |
| 8 | Sub Saharan Africa | x | x | x | x | x |
| 9 | Indonesia | x | x | x | x | x |
| 10 | Malaysia | x | - | x | x | x |
| 11 | Philippines | x | x | x | x | x |
| 12 | Thailand | x | x | x | x | x |
| 13 | New Zealand | √ | √ | x | x | x |

*Note*: In the UK whole sale prices fell by 35 % average. In the New Zealand the same fell by 30 %

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# INFORMATION TECHNOLOGY AS AN EFFECTIVE TOOL FOR THE SUCCESSFUL CUSTOMER RELATIONSHIP MANAGEMENT PRACTICE: A CASE STUDY OF THE INSURANCE SECTOR OF RAJASTHAN

**Prachi Bansal[1] and Prof. Harsh Purohit[2]**

Research Scholar[1] & Dean[2], Department of Management Studies, Banasthali Vidyapeeth, Rajasthan

## ABSTRACT

*As per the study of IBEF (Indian Brand Equity Foundation) the insurance sector (life insurance) of India is growing at a CAGR of 7.49% (in FY 2016) and out of which only LIC (life insurance Corporation of India) has a share of 70.04%. These indicate a fact that despite the long presence of the private sectors players of the insurance industries still they have not been successful in capturing a significant market share. The present study focuses on the customer relation management practices followed in these private sector insurance companies. Along with this the study also tries to find out how effectively IT can be used for the increasing the level of CRM. For this purpose data will be collected through a well structured questionnaire from the employees of the Pvt. Sector insurance companies operating in major cities of Rajasthan such as Jaipur, Udaipur, Jodhpur, Bhilwada , Kota  and Ajmer  . The data so collected will be analyzed by using one way ANOVA and descriptive statistic with the help of SPSS.*

*Key words: E-CRM, IT, Insurance.*

## 1. INTRODUCTION

Satisfied customers are the key factor behind the success of every business. Therefore, it has been the priority of every business to keep their customers satisfied by providing their desired product and services. The Customer relationship management is just a step forward in this direction. At present the customer satisfaction has become a dynamic issue. This is because the customers keep on changing their test and preferences from time to time. With the help of CRM we can very well understand the changing aspects of consumers.

The Indian insurance industry is now much more competitive now a days with the introduction of the multinational companies into it. The present customers as well as the insurance companies are using advanced technology for communication. In this context the concept of CRM has become an e-CRM i.e. the management of customer relationship with the help of the advanced communication technologies. With the introduction of the technology the expectation of the customers have increased a lot. The customers can find out and evaluate multiple option available in the current market. Therefore, the success of the insurance company depends upon its efficiency in satisfying the need of the insurance customer. CRM with the help of the technology not only retains the customers but also reduces the cost of operation for both the insurer and insured. Theodore Levitt was the first person to introduce the concept of relationship management which gradually in the year 1994 it was recognized as CRM. CRM helps in identifying, attracting and retaining the most valuable customers to maintain a sustainable growth.

## 2. LITERATURE REVIEW

Lindgreen&Shergill, 2003 has pointed out that the customer retention is the real means of increasing the profitability of the organization by taking the help of 4P's of marketing with complex modern approach.

Mohite et al.,2013 has pointed out that along with the retaining the old customers the emphasis of the organization has also to attract new customers. He also found out that the customers perception and the satisfaction are inter related to each other. Issue of CRM and its determinants indeveloped countries can be proved as guidelines for fastest growthin service industry (Alamgir et al., 2010). Initially the customer relationship management was introduced as relationship management.CRM will be more effective if used along with the power of the Information technology, this combination will ultimately lead to higher profitability by saving time and money (Rani, 2012).

While referring to (Soch& Sandhu, 2008) CRM has four construct-the customer and need sensing, communication, intermediaries and the internal environment of the firms.

In the process of the CRM the organization has to organize and the track the contracts with the perspective and existing customers and inform them regarding the various activities to be undertaken in the near future (Pappeswari&Rajalakshmi, 2013)

CRM also focuses upon the customer lifetime value (CLV) but it is being very difficult on the part of the managers to balance between CRM and CLV which is being considered as the important factor in the

sustenance of the organization ( Rehman & Selvaraj, 2012). This problem can be solved by the introduction of the E-CRM. This will help in making the brand popular, delivering innovative products, timely and positive response, building relationship and ensuring financial security, managing huge database of the customers and providing online interaction facility to the customers in the insurance industry (Biswamohan & Bidhubhusan, 2012). Therefore CRM software system such as social CRM or CRM 2.0 is based on the web2.0 technology which has the benefits like robustness and openness in sharinginformation and better relation with customers with health care providers (Pappeswari & Rajalakshmi, 2013). CRM technology helps in detecting, reporting, and correcting the sources of the fraudulent activities and improves performance (Dash & Panda, 2011). CRM also helps to secure the financial transaction regarding claims, provides better product knowledge and increases transparency in the sales of product and providing services (Agariya & Singh, 2012). CRM is now considered as the most dynamic process and big challenge is there in the implementation of the CRM software in the organization. It has to link all the functional areas to provide all the relevant information whenever it is required by the sale person (Umashankar,2001; Larpsiri & Speece, 2004).Successful implementation depends upon number of factorsthat fits between CRM strategy, its programming and marketing strategies within and outside organization (Bohling, 2006).

The only reason behind the failure of the CRM is due to the limited acceptance of the user along with the employee and the system of the organization (Beckeret.al., 2009; Zablah et.al.,2004).

If the customers are dissatisfied then the impact will be long term than in the short term. (Verhoefet, 2001). Most of our private insurer in India uses the CRM technology but the public sector undertaking gas a limited asses to the CRM technology within as specified departments and not all departments. Public sector has to be proactive and act quicker so as to compete with the private companies in some cases. Though after so much effortpublic sector companies need to reassess them and change theirpsychology as it was in post-reform era (Kumar & Kumari, 2012).

## 3. RESEARCH PROBLEM

There is no doubt in the fact that the introduction of the technology to boost the CRM has been definitely very successful in all the spheres of thebusiness. So far the insurance sectors of the India is considered the private players have already implemented various means of e-CRM. Bu t the matter of concern is that what is the real impact of the technologically advanced CRM practices? The CRM is appealing to which segment of the customers most? Finally what is the segment which is still to be affected and attracted by the E-CRM?

## 4. OBJECTIVE OF THE STUDY

The present study has the following objectives

1- To understand the E-CRM practices adopted by the Indian Insurance industry.

2- To evaluate the impact of the E-CRM on various demographic profiles of the customers.

## 5. RESEARCH METHODOLOGY

The present study is carried-on on the basis of the following methodology. The data collection for the study was done with the help of well-structured questionnaire. The data was collected from 200 respondents. The respondents are the residents of the major important cities of Rajasthan and are customers of various life insurers operating in this city. The 200 respondents are selected on the basis of convenient sampling. The data so collected was applied for test of reliability and for this chronback alpha was calculated. Then the data so collected were applies for ANOVA test to know the significant of various E-CRM efforts on the demographic profile of the customers.

## 6. DATA ANALYSIS AND INTERPRETATION

The data so collected from the respondents has been analyzed with the help of the SPSS-20 Package. At the beginning the data was put to the reliable test by using the Cronbach's alpha value which comes to be 0.685, this value itself indicates that the data collected is reliable and consistent and can be used for further statistical analysis. The frequency distributions of the four dependend variable of the study are given in the table-1 below. This description helps us to understand the composition of the respondents.

**Table-1: Demographic Details of the Respondents**

|  |  | Frequency | Percent |
|---|---|---|---|
| AGE | 20-30 years | 19 | 9.5 |
|  | 30- 40 years | 56 | 28.0 |
|  | 40-50 years | 59 | 29.5 |

|  |  |  |  |
|---|---|---|---|
|  | 50- 60 years | 46 | 23.0 |
|  | Above 60 years | 20 | 10.0 |
|  | Total | 200 | 100.0 |
| Annual family income | Less than 1 lakhs | 17 | 8.5 |
|  | 1-lakhs to 3 lakhs | 81 | 40.5 |
|  | 3 lakhs to 5 lakhs | 67 | 33.5 |
|  | Above 5 lakhs | 35 | 17.5 |
|  | Total | 200 | 100.0 |
| Experience | 1- 5 years | 27 | 13.5 |
|  | 6- 10 years | 83 | 41.5 |
|  | 11-15 years | 61 | 30.5 |
|  | Above 15 years | 29 | 14.5 |
|  | Total | 200 | 100.0 |
| Qualifications | Simple Graduates | 35 | 17.5 |
|  | Post Graduates | 64 | 32.0 |
|  | Engineering | 69 | 34.5 |
|  | Professional degree | 32 | 16.0 |
|  | Total | 200 | 100.0 |

This table indicates that the compositions of the respondess are quite evenly distributed across different variables.

The impact of E-CRM on the basis of selected demographic variables such as Age, annual income, experience and qualification, has been tested by using on way ANOVA test. The various independent variables are shown in the table-2. The Null hypothesis for the test has been taken as that there is no significant effect of Age on various E-CRM practices of the Insurance companies. For this if the p-values of the test are less than 0.05 then the null hypothesis is rejected and concluded that there is significant impact of the dependent variable on the independent variable.

**Table-2: ANOVA test results of AGE as the Depended variable**

| Sl. No. | Particulars | F | Sig. |
|---|---|---|---|
| 1 | CRM decreases the time required to make product changes | 2.508 | .043 |
| 2 | Policy mailing time is reduced | 1.101 | .357 |
| 3 | Get instant advise on investment alternatives | .599 | .664 |
| 4 | Get personalized solution for every problem | 1.139 | .339 |
| 5 | This increases the probability of higher sales | 2.282 | .062 |
| 6 | CRM provides the chance to reduce operating cost for both | .191 | .943 |
| 7 | It provides for more effective and efficient communication | 1.912 | .110 |
| 8 | It improves the response time | .428 | .788 |
| 9 | It increases customers satisfaction | 1.269 | .284 |
| 10 | Printing time reduced | .379 | .823 |
| 11 | Services from the call centers are quick | 2.852 | .025 |
| 12 | Regular interaction makes the relation active and lively | 1.205 | .310 |

From the above table it is clearly evident that the independent variable in the serial number 1 & 11 only have a p-value less than 0.05. This indicates that the change in products as a result of the interactions with the customers and better service from the call center has a strong impact on the respondents on the basis of age. This is also clearly evident from the fact that in the age profile of the respondent's majority of them are in between the age group of 30 to 50years. This indicates that the respondents of this age want a wide variety of

product to choose from within a short period of time. They also want a better customer service from the call centers of the insurance companies.

**Table-3: ANOVA test results of Annual income as the Depended variable**

| Sl. No. | Particulars | F | Sig. |
|---|---|---|---|
| 1 | CRM decreases the time required to make product changes | .483 | .748 |
| 2 | Policy mailing time is reduced | .717 | .581 |
| 3 | Get instant advise on investment alternatives | .606 | .658 |
| 4 | Get personalized solution for every problem | 2.878 | .024 |
| 5 | This increases the probability of higher sales | 3.208 | .014 |
| 6 | CRM provides the chance to reduce operating cost for both | 1.262 | .286 |
| 7 | It provides for more effective and efficient communication | .392 | .814 |
| 8 | It improves the response time | .503 | .734 |
| 9 | It increases customers satisfaction | 1.032 | .392 |
| 10 | Printing time reduced | .195 | .941 |
| 11 | Services from the call centers are quick | .512 | .727 |
| 12 | Regular interaction makes the relation active and lively | 2.472 | .046 |

The table-3 is about the interrelationship of the Annual income and the other independent variables. It is clearly evident from the table that independent variable number 4, 5 and 12 has significant impact on the demographic variable Annual income of the respondents as their p-value are bellow 0.05. This indicates that on the basis of income customers want that they should get personalized help for every problem, they want regular interaction to make the relation more active and most importantly they want the sales of the insurance companies to increase so that the profit of the organization will ultimately give them better bonus.

**Table-4: ANOVA test results of Experience as the Depended variable**

| Sl. No. | Particulars | F Value | P-Values |
|---|---|---|---|
| 1 | CRM decreases the time required to make product changes | .303 | .876 |
| 2 | Policy mailing time is reduced | 2.500 | .044 |
| 3 | Get instant advise on investment alternatives | 1.713 | .149 |
| 4 | Get personalized solution for every problem | .769 | .546 |
| 5 | This increases the probability of higher sales | .739 | .566 |
| 6 | CRM provides the chance to reduce operating cost for both | .569 | .685 |
| 7 | It provides for more effective and efficient communication | 1.104 | .356 |
| 8 | It improves the response time | .973 | .423 |
| 9 | It increases customers satisfaction | .110 | .979 |
| 10 | Printing time reduced | 1.226 | .301 |
| 11 | Services from the call centers are quick | .289 | .885 |
| 12 | Regular interaction makes the relation active and lively | 1.893 | .113 |

In the table-4 it is clear that the dependent variable experience has only significant relationship with the independent variable mailing time as the p-value is only 0.044 which is less than 0.05. As the composition of our respondents indicates that majority of them are having experiences more than 15 years they have already vast knowledge of insurance. Therefore their expectation from the CRM is only quick delivery of their policy document at the earliest possible time.

**Table-5: ANOVA test results of Qualifications as the Dependent variable**

| Sl. No. | Particulars | F Value | P-Values |
|---|---|---|---|
| 1 | CRM decreases the time required to make product changes | .977 | .405 |
| 2 | Policy mailing time is reduced | 1.176 | .320 |
| 3 | Get instant advise on investment alternatives | 3.145 | .026 |
| 4 | Get personalized solution for every problem | .293 | .830 |
| 5 | This increases the probability of higher sales | .298 | .827 |
| 6 | CRM provides the chance to reduce operating cost for both | 3.023 | .031 |
| 7 | It provides for more effective and efficient communication | .438 | .726 |
| 8 | It improves the response time | .439 | .726 |
| 9 | It increases customers satisfaction | 2.173 | .092 |
| 10 | Printing time reduced | .539 | .656 |
| 11 | Services from the call centers are quick | 4.715 | .003 |
| 12 | Regular interaction makes the relation active and lively | .821 | .484 |

From the analysis of the table- 4 it is clearly evident that the dependent variable Qualification has significant relationship with the independent variable with serial number 3, 6 and 11 as they have p-value less than 0.05. as we can see from the profile of the respondents most of them are highly qualified this may be the reason that they are more interested towards the advise on alternative investment alternative, reduction in the cost of the operations and better service for the call centers of the insurance companies.

## 7. CONCLUSION

The analysis of the customer profile and the results of the test we can conclude that the effect of E-CRM on the various demographic profiles has different. The more experienced and qualified customers want more valuable advice on the investment opportunities as well as quick delivery of the policy products where as in the higher age group people want a wide variety of products and the higher income respondents want personalized advisory help. Keeping these things in mind the policy makers of the Insurance Company should make necessary adjustments in their strategies while using technology in managing the customer relationship.

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# ATTITUDE OF WORKING WOMEN PROFESSIONALSTOWARDS ONLINE SHOPPING

**S. Bhuvaneshwari[1] and K. MalarMathi[2]**

Research Scholar[1] & Professor[2], Bharathiar School of Management and Entrepreneur Development, Bharathiar University, Coimbatore

**ABSTRACT**

*The purpose of this study was to examine the factors affecting online shopping among working women professionals. The purchase of product and services through the Internet are called online shopping. Online shopping has become increasingly popular due to convenience .This study makes the important contribution to show the positive effect on online shopping via convenience, and variety, time saving, security and ease of payment, return policy and price consciousness.*

*Keywords: Online shopping, Behavior, Consumers.*

In recent years Online shopping has become a major trend in every market around the world. Consumers have increased the use of Online shopping for price comparisons, searching for product which is not locally available and enjoying the convenience of home delivery. The Boom in global e-shopping has created enormous opportunities for entrepreneurs to start a new business to increase the productivity. In particularly it brought about revolutionary changes to the Retail sector, distribution channels. Retail logistics, and subsequently affecting brick and mortar retailers, importers and suppliers. Throughout the world online shopping grown rapidly.

According to Euro monitor International, the sales value of the internet retailing (excluding tax) totally US$840 billion in 2017 more than double compared to five years ago. The compounded growth of 15% is forecast for the next five years. Internet retailing share is increased 5.8% in2014 and is expected to continue inching up to 8.9% in 2019.

## OPPORTUNITIES ON ONLINE SHOPPING

The opportunities of online shopping include purchasing products or services terminated the internet Online shopping is ended through e-web store, e-shop-store, internet shop, online storefront and virtual store. Merchandise in online stores is designated through text, photos and with multimedia files. Many online stores will provide link for extra information about their products. Some online stores have place for these reviews on their own sites. Benefits involved with online shopping, the most obvious is convenience. Certainly need to take the time to travel to a conventional store. Also, online shops typically activate 24 hours a day so don't need to rush to get there during business hours.

## WORKING WOMEN IN INDIA

India is a second largest population country in the World. The overall population is 236344631.Women is 48.5% general population in India. In 2011 55% of women were literate the number of those enrolled in 2011-2012 higher educational degrees. India is projected to add 424 million working women adults .India is a young workforce and population. In the next ten years women entertain the work force. India expects to add an additional 110 million people to its labor force. Consumers are prejudiced through their Attitude towards invention and therefore marketers need to implement their policies and strategies frequently in the direction to accomplish more consumers. A growing quantity and variety of firms and organizations are manipulating and creating business opportunities' on the internet statistics indicate the recompensed growth in the field of virtual shopping. Through emerging field of shopping the awareness of the marketers is also increasing in studying what actually motivates consumers to shop online. Aggressive competitions among online sellers have compulsory them to gain the competitive edge in the field of virtual shopping. As online shopping is a new average so the consumer preference in the pitch on online shopping in order to improve the competitive advantage in the market. Marketers need to know the consumer attitude in the field of online shopping. Si it is the important study to identify the dynamics which influence consumers to shop online in order to capture the demands of buyers. India has more than 100 million internet users out of which one half opt online purchase and the number is rising sharply every year. The growing use of the internet in India provides a developing prospect for the E- Marketers. If E-Marketers know the facts affecting online shopping behavior, and the relationship between these factors and the type of online buyers and then they can further develop their marketing strategies to convert potential customers into active ones, while retaining existent online customers. Women are increasingly using the internet for online shopping especially to save time and money.51% of women visitors make online purchaser .Therefore E-Marketers have targeting working women for achieving their targets.

## METHODOLOGY

The data were collected from various working women professionals in Coimbatore city. A total of 440 questionnaires were distributed out of which only 405 were found useable for the final analysis. Purposive convenience technique is used for the study. The variables used in the study are convenience and variety, Time saving, Security ease of payment, Return policy, Price consciousness, Attitude on online shopping and Behavior on online shopping. The variables used in the study are based on standardized scales available in the literature. All the variables were measured on 5-point-likert scale.

## HYPOTHESIS DEVELOPMENT

### Attitude on online shopping

Attitude refers to inner feelings and beliefs of individual or groups. The feelings and beliefs are directed towards other people, objects, or ideas. Attitude tends to result in behavior or action .Attitude can fall anywhere along a continuous from very favorable to unfavorable condition. Attitude is mental and neutral state of readiness organized through experience, Exerting a directive or dynamic influence upon individual's response to all objects and situation with which is related.

$H0_{10}$: There is no significant difference between attitude on online shopping and consumer characteristics of the respondents.

## CONVENIENCE AND VARIETY

Convenience factor refers that it is easy to browse or search the information through online is easier than the traditional retail shopping. Through online, consumers can easily search product catalogue but if the consumer look generally for the same product or item in a traditional store manually it is difficult to visit physically and time consuming also. Convenience has always been a prime factor for consumers to shop online. Darian (1987) mention that online shoppers carry multiple benefits in terms of convenience, such as less time consuming, flexibility, very less physical effort etc. Bhatnagar and Ghose (2004) claims for convenience as one of the most important advantage for online shopping. According to the Robinson, Riley, Rettie and Wilsonz (2007) the major motivation for online purchasing isconvenience in terms of shop at any time and having bundles of items delivered at door step.

$H_{05:}$ There is no significant difference between convenience and variety andconsumer characteristics of the respondents.

## TIME SAVING

Time savings is one of most influencing factors of online shopping. Browse or search an online catalogue can save time and patience. People can save time and can reduce effort by shopping online. According to Rohm and Swami Nathan's (2004), one possible explanation that online shopping saves time during the purchasing of goods and it can eliminate the traveling time required to go to the traditional store. On the other side, some respondent think that it is also time taken for delivery of goods or services over online shopping.

$H_{06:}$ There is no significant difference between time saving and consumer characteristics of the respondents.

## SECURITY AND EASE OF PAYMENTS

Security is another dominant factor which affects consumers to shop online. However many internet users avoid online shopping because of credit card fraud, privacy factors, non-delivery risk, post purchase service and so on. But transaction security on the online shopping has received attention. Safe and secured transaction of money and credit card information increases trust and decreases transaction risk. Here in online shopping the payment method is also easy by using credit card or debit card we can pay the amount through online alone. And other payment method called as cash on delivery. By after receiving the product we can pay amount by cash with those who deliver the product. This methods are called as ease of payments.

$H_{07}$: There is no significant difference between security and ease payment and consumer characteristics of the respondents.

## RETURN POLICY

A Return policy is the agreement where you inform customers about your policies regarding return or refunds.

$H_{08:}$ There is no significant difference between return policy and consumer characteristics of the respondents.

## PRICE CONSCIOUSNESS

Lichtenstein, Ridgway and Netemeyer (1993) consider price consciousness as the level to which consumers use price as a decision criteria. In other words, a consumer who has price consciousness is not willing to pay a

higher price for a product or he only centres on searching for low price products. People who exhibit high price consciousness are less willing to pay higher prices for products (Monroe 1990).

$H^{09}$: There is no significant difference between price consciousness and consumer characteristics of the respondents.

## DATA ANALYSIS AND DISCUSSION
### Simple linear regression

**Table 1: Influence of Attitudes on Online Shopping and Behavior on Online Shopping**

| Model | R | R$^2$ | Adjusted R Square | Std. Error of the Estimate | F | Sig |
|-------|---|-------|-------------------|----------------------------|---|-----|
| 1 | 0.528[a] | 0.279 | 0.277 | 3.64651 | 155.630 | **0.000*** |
| **Predictors: (constant), behavior on online shopping** | | | | | | |
| **Dependent variable: Attitude on online shopping** | | | | | | |

* Significant at 5 percent level

From the above table it is inferred that the R$^2$ value (0.279) reveals that the independent variable (behavior on online shopping) account for 27.9% of the variance of dependent variable (attitude on online shopping). Further the R value (0.528) indicates the correlation coefficients between the independent variables and the dependent variable.

**Table 2: One-Way Anova To Test The Significant Difference Between Consumer Charactertics and "Convenience and Variety" on Online Shopping**

| Demographic variables | Convenience and variety | Sum of square | Df | Mean square | F | sig | Result |
|-----------------------|-------------------------|---------------|-----|-------------|---|-----|--------|
| Age | Between groups | 47.042 | 3 | 15.681 | 2.424 | .065 | Accepted |
| | Within groups | 2594.548 | 401 | 6.470 | | | |
| | Total | 2641.590 | 404 | | | | |
| Educational qualification | Between groups | 6.421 | 3 | 2.140 | .326 | .807 | Accepted |
| | Within groups | 2635.169 | 401 | 6.571 | | | |
| | total | 2641.590 | 404 | | | | |
| Occupation | Between groups | 225.082 | 4 | 56.270 | 9.314 | **.000*** | Rejected |
| | Within groups | 2416.508 | 400 | 6.041 | | | |
| | total | 2641.590 | 404 | | | | |
| Income level | Between groups | 74.147 | 2 | 37.074 | 5.805 | **.003*** | Rejected |
| | Within groups | 2567.443 | 402 | 6.387 | | | |
| | total | 2641.590 | 404 | | | | |
| Purchased period | Between groups | 30.825 | 3 | 10.275 | 1.578 | .194 | Accepted |
| | Within groups | 2610.765 | 401 | 6.511 | | | |
| | total | 2641.590 | 404 | | | | |
| Product purchased | Between groups | 85.132 | 5 | 17.026 | 2.657 | **.022*** | Rejected |
| | Within groups | 2556.458 | 399 | 6.407 | | | |
| | total | 2641.590 | 404 | | | | |
| | Within groups | 2486.286 | 400 | 6.216 | | | |
| | total | 2641.590 | 404 | | | | |
| Payment method | Between groups | 35.640 | 3 | 11.880 | 1.828 | .141 | Accepted |
| | Within groups | 2605.951 | 401 | 6.499 | | | |
| | total | 2641.590 | 404 | | | | |

* Significant at 5 percent level

From the above table it is found that the significant value for convenience and varietyis less than the p value (0.05). Hence the null hypotheses are rejected .i.e. convenience and variety does differ with the occupation, income and product purchased. Other factor does not differ with the convenience and variety, hence the null hypotheses accepted.

**Table 3: One - Way Anova To Test The Significant Difference Between Consumer Characteristics and "Time Saving"on Online Shopping**

| Demographic variables | Time saving | Sum of square | Df | Mean square | F | sig | Result |
|---|---|---|---|---|---|---|---|
| Age | Between groups | 33.621 | 3 | 11.207 | 4.603 | **.004*** | Rejected |
| | Within groups | 976.379 | 401 | 2.435 | | | |
| | Total | 1010.000 | 404 | | | | |
| Educational qualification | Between groups | .902 | 3 | .301 | .119 | .949 | Accepted |
| | Within groups | 1009.098 | 401 | 2.516 | | | |
| | Total | 1010.000 | 404 | | | | |
| Occupation | Between groups | 18.603 | 4 | 4.651 | 1.876 | .114 | Accepted |
| | Within groups | 991.397 | 400 | 2.478 | | | |
| | Total | 1010.000 | 404 | | | | |
| Income level | Between groups | 5.714 | 2 | 2.857 | 1.144 | .320 | Accepted |
| | Within groups | 1004.286 | 402 | 2.498 | | | |
| | Total | 1010.000 | 404 | | | | |
| Purchased period | Between groups | 22.546 | 3 | 7.515 | 3.052 | **.028*** | Rejected |
| | Within groups | 987.454 | 401 | 2.462 | | | |
| | Total | 1010.000 | 404 | | | | |
| Product purchased | Between groups | 60.101 | 5 | 12.020 | 5.049 | **.000*** | Rejected |
| | Within groups | 949.899 | 399 | 2.381 | | | |
| | Total | 1010.000 | 404 | | | | |
| | Within groups | 971.580 | 400 | 2.429 | | | |
| | Total | 1010.000 | 404 | | | | |
| Payment method | Between groups | 18.921 | 3 | 6.307 | 2.552 | **.055*** | Rejected |
| | Within groups | 991.079 | 401 | 2.472 | | | |
| | Total | 1010.000 | 404 | | | | |

* Significant at 5 percent level

From the above table it is found that the significant value for time savingis less than the p value (0.05). Hence the null hypotheses are rejected .i.e. time saving does differs with the age, purchase period, product purchased and payment method. Other factor does not differ with the time saving, hence the null hypotheses accepted.

**Table 4: One- Way Anova To Test The Significant Difference Between Consumer Characteristics and "Security and Ease Payment" on Online Shopping**

| Demographic variables | Security and ease payment | Sum of square | Df | Mean square | F | sig | Result |
|---|---|---|---|---|---|---|---|
| Age | Between groups | 121.709 | 3 | 40.570 | 4.746 | **.003*** | Rejected |
| | Within groups | 3427.491 | 401 | 8.547 | | | |
| | Total | 3549.200 | 404 | | | | |
| Educational qualification | Between groups | 2.331 | 3 | .777 | .088 | .967 | Accepted |
| | Within groups | 3546.869 | 401 | 8.845 | | | |
| | total | 3549.200 | 404 | | | | |
| Occupation | Between groups | 192.273 | 4 | 48.068 | 5.728 | **.000*** | Rejected |
| | Within groups | 3356.927 | 400 | 8.392 | | | |
| | Total | 3549.200 | 404 | | | | |
| Income level | Between groups | 79.415 | 2 | 39.707 | 4.600 | **.011*** | Rejected |
| | Within groups | 3469.785 | 402 | 8.631 | | | |
| | Total | 3549.200 | 404 | | | | |
| Purchased period | Between groups | 33.041 | 3 | 11.014 | 1.256 | .289 | Accepted |
| | Within groups | 3516.159 | 401 | 8.768 | | | |
| | Total | 3549.200 | 404 | | | | |
| Product purchased | Between groups | 180.409 | 5 | 36.082 | 4.274 | **.001*** | Rejected |
| | Within groups | 3368.791 | 399 | 8.443 | | | |
| | Total | 3549.200 | 404 | | | | |
| | Within groups | 3101.799 | 400 | 7.754 | | | |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| | Total | 3549.200 | 404 | | | | |
| Payment method | Between groups | 217.310 | 3 | 72.437 | 8.718 | .000* | Rejected |
| | Within groups | 3331.890 | 401 | 8.309 | | | |
| | Total | 3549.200 | 404 | | | | |

* Significant at 5 percent level

From the above table it is found that the significant value for security and ease paymentis less than the p value (0.05). Hence the null hypotheses are rejected .i.e. security and ease payment does differ with the age, occupation, income, product purchased and payment method. Other factor does not differ with the security and ease payment, hence the null hypotheses accepted.

**Table 5: One-Way Anova To Test The Significant Difference Between Consumer Characteristics and Return Policy**

| Demographic variables | Return policy | Sum of square | Df | Mean square | F | sig | Result |
|---|---|---|---|---|---|---|---|
| Age | Between groups | 40.637 | 3 | 13.546 | .978 | .403 | Accepted |
| | Within groups | 5554.582 | 401 | 13.852 | | | |
| | Total | 5595.220 | 404 | | | | |
| Educational qualification | Between groups | 3.348 | 3 | 1.116 | .080 | .971 | Accepted |
| | Within groups | 5591.872 | 401 | 13.945 | | | |
| | Total | 5595.220 | 404 | | | | |
| Occupation | Between groups | 1526.234 | 4 | 381.558 | 37.509 | .000* | Rejected |
| | Within groups | 4068.986 | 400 | 10.172 | | | |
| | Total | 5595.220 | 404 | | | | |
| Income level | Between groups | 288.226 | 2 | 144.113 | 10.916 | .000* | Rejected |
| | Within groups | 5306.994 | 402 | 13.201 | | | |
| | Total | 5595.220 | 404 | | | | |
| Purchased period | Between groups | 97.852 | 3 | 32.617 | 2.379 | .069 | Accepted |
| | Within groups | 5497.367 | 401 | 13.709 | | | |
| | Total | 5595.220 | 404 | | | | |
| Product purchased | Between groups | 209.334 | 5 | 41.867 | 3.102 | .009* | Rejected |
| | Within groups | 5385.885 | 399 | 13.498 | | | |
| | Total | 5595.220 | 404 | | | | |
| | Within groups | 5550.284 | 400 | 13.876 | | | |
| | Total | 5595.220 | 404 | | | | |
| Payment method | Between groups | 60.738 | 3 | 20.246 | 1.467 | .223 | Accepted |
| | Within groups | 5534.482 | 401 | 13.802 | | | |
| | Total | 5595.220 | 404 | | | | |

* Significant at 5 percent level

From the above table it is found that the significant value for return policyis less than the p value (0.05). Hence the null hypotheses are rejected .i.e. return policy does differs with the occupation, income and product purchased. Other factor does not differ with the return policy, hence the null hypotheses accepted.

**Table 6: One-Way Anova To Test The Significant Difference Between Price Consciousness.**

| Demographic variables | Price consciousness | Sum of square | Df | Mean square | F | sig | Result |
|---|---|---|---|---|---|---|---|
| Age | Between groups | 156.453 | 3 | 52.151 | 7.119 | .000* | Rejected |
| | Within groups | 2937.458 | 401 | 7.325 | | | |
| | Total | 3093.911 | 404 | | | | |
| Educational qualification | Between groups | 2.438 | 3 | .813 | .105 | .957 | Accepted |
| | Within groups | 3091.473 | 401 | 7.709 | | | |
| | Total | 3093.911 | 404 | | | | |
| Occupation | Between groups | 47.372 | 4 | 11.843 | 1.555 | .186 | Accepted |
| | Within groups | 3046.539 | 400 | 7.616 | | | |
| | Total | 3093.911 | 404 | | | | |

| Income level | Between groups | 45.918 | 2 | 22.959 | 3.028 | **.050*** | Rejected |
|---|---|---|---|---|---|---|---|
| | Within groups | 3047.993 | 402 | 7.582 | | | |
| | Total | 3093.911 | 404 | | | | |
| Purchased period | Between groups | 71.089 | 3 | 23.696 | 3.143 | **.025*** | Rejected |
| | Within groups | 3022.822 | 401 | 7.538 | | | |
| | Total | 3093.911 | 404 | | | | |
| Product purchased | Between groups | 124.216 | 5 | 24.843 | 3.338 | **.006*** | Rejected |
| | Within groups | 2969.695 | 399 | 7.443 | | | |
| | Total | 3093.911 | 404 | | | | |
| | Within groups | 2971.737 | 400 | 7.429 | | | |
| | Total | 3093.911 | 404 | | | | |
| Payment method | Between groups | 78.525 | 3 | 26.175 | 3.481 | **.016*** | Rejected |
| | Within groups | 3015.386 | 401 | 7.520 | | | |
| | Total | 3093.911 | 404 | | | | |

* Significant at 5 percent level

From the above table it is found that the significant value for price consciousnessis less than the p value (0.05). Hence the null hypotheses are rejected .i.e. price consciousness does differs with the age, income, purchase period, product purchased and payment method. Other factor does not differ with the price consciousness, hence the null hypotheses accepted.

**Table 7: One- Way Anova To Test The Significant Difference Between consumer Characteristics and Attitude on Online Shopping**

| Demographic variables | Attitude on online shopping | Sum of square | Df | Mean square | F | sig | Result |
|---|---|---|---|---|---|---|---|
| Age | Between groups | 57.232 | 3 | 19.077 | 1.038 | .376 | Accepted |
| | Within groups | 7370.906 | 401 | 18.381 | | | |
| | Total | 7428.138 | 404 | | | | |
| Educational qualification | Between groups | 41.395 | 3 | 13.798 | .749 | .523 | Accepted |
| | Within groups | 7386.743 | 401 | 18.421 | | | |
| | Total | 7428.138 | 404 | | | | |
| Occupation | Between groups | 575.718 | 4 | 143.930 | 8.402 | **.000*** | Rejected |
| | Within groups | 6852.420 | 400 | 17.131 | | | |
| | Total | 7428.138 | 404 | | | | |
| Income level | Between groups | 49.733 | 2 | 24.866 | 1.355 | .259 | Accepted |
| | Within groups | 7378.405 | 402 | 18.354 | | | |
| | Total | 7428.138 | 404 | | | | |
| Purchased period | Between groups | 71.376 | 3 | 23.792 | 1.297 | .275 | Accepted |
| | Within groups | 7356.763 | 401 | 18.346 | | | |
| | Total | 7428.138 | 404 | | | | |
| Product purchased | Between groups | 178.705 | 5 | 35.741 | 1.967 | .083 | Accepted |
| | Within groups | 7249.434 | 399 | 18.169 | | | |
| | Total | 7428.138 | 404 | | | | |
| | Within groups | 7181.371 | 400 | 17.953 | | | |
| | Total | 7428.138 | 404 | | | | |
| Payment method | Between groups | 84.193 | 3 | 28.064 | 1.532 | .206 | Accepted |
| | Within groups | 7343.945 | 401 | 18.314 | | | |
| | Total | 7428.138 | 404 | | | | |

* Significant at 5 percent level

From the above table it is found that the significant value for attitude on online shoppingis less than the p value (0.05). Hence the null hypotheses are rejected .i.e. Attitude on online shopping does differs with the occupation. Other factor does not differ with the attitude on online shopping, hence the null hypotheses accepted.

**Table 8: One- Way Anova To Test The Significant Difference Consumer Characteristics and Behaviour on Online Shopping**

| Demographic variables | Behavior on online shopping | Sum of square | Df | Mean square | F | sig | Result |
|---|---|---|---|---|---|---|---|
| Age | Between groups | 233.827 | 3 | 77.942 | 2.716 | **0.044*** | Rejected |
| | Within groups | 11508.000 | 401 | 28.698 | | | |
| | Total | 11741.827 | 404 | | | | |
| Educational qualification | Between groups | 48.528 | 3 | 16.176 | 0.555 | 0.645 | Accepted |
| | Within groups | 11693.300 | 401 | 29.160 | | | |
| | Total | 11741.827 | 404 | | | | |
| Occupation | Between groups | 439.832 | 4 | 109.958 | 3.892 | **0.004*** | Rejected |
| | Within groups | 11301.995 | 400 | 28.255 | | | |
| | Total | 11741.827 | 404 | | | | |
| Income level | Between groups | 94.871 | 2 | 47.436 | 1.637 | 0.196 | Accepted |
| | Within groups | 11646.956 | 402 | 28.973 | | | |
| | Total | 11741.827 | 404 | | | | |
| Purchased period | Between groups | 59.178 | 3 | 19.726 | .677 | .566 | Accepted |
| | Within groups | 11682.649 | 401 | 29.134 | | | |
| | Total | 11741.827 | 404 | | | | |
| Product purchased | Between groups | 248.034 | 5 | 49.607 | 1.722 | .128 | Accepted |
| | Within groups | 11493.793 | 399 | 28.806 | | | |
| | Total | 11741.827 | 404 | | | | |
| | Within groups | 11276.082 | 400 | 28.190 | | | |
| | Total | 11741.827 | 404 | | | | |
| Payment method | Between groups | 239.392 | 3 | 79.797 | 2.782 | **.041*** | Rejected |
| | Within groups | 11502.435 | 401 | 28.684 | | | |
| | Total | 11741.827 | 404 | | | | |

* Significant at 5 percent level

From the above table it is found that the significant value for behavior on online shoppingis less than the p value (0.05). Hence the null hypotheses are rejected .i.e. Behavior on online shopping does differs with the age, occupation and payment method. Other factor does not differ with the behavior on online shopping, hence the null hypotheses accepted.

**FINDINGS OF THE STUDY**
- The analysis reveals that the independent variable (convenience and variety) account for .07% of the variance of dependent variable (attitude on online shopping).

- The independent variable Time saving account for 12% of the variance of dependent variable (attitude on online shopping).

- The independent variable (security and ease payment) account for 13% of the variance of dependent variable (attitude on online shopping)

- The independent variable (return policy) account for .01% of the variance of dependent variable (attitude on online shopping).

- Convenience and variety does differ with the occupation, income and product purchased. Other factor does not differ with the convenience and variety, hence the null hypotheses accepted.

- Time saving does differs with the age, purchase period, product purchased and payment method. Other factor does not differ with the time saving, hence the null hypotheses accepted.

- Security and ease payment does differ with the age, occupation, income, product purchased and payment method. Other factor does not differ with the security and ease payment, hence the null hypotheses accepted

- Return policy does differs with the occupation, income and product purchased. Other factor does not differ with the return policy, hence the null hypotheses accepted.

- Price consciousness does differ with the age, income, purchase period, product purchased and payment method. Other factor does not differ with the price consciousness, hence the null hypotheses accepted.

- Behavior on online shopping does differs with the age, occupation and payment method. Other factor does not differ with the behavior on online shopping, hence the null hypotheses accepted.

- The independent variable (behavior on online shopping) account for 27.9% of the variance of dependent variable (attitude on online shopping). Further the R value (0.528) indicates the correlation coefficients between the independent variables and the dependent variable.

## LIMITATIONS
- The accuracy of the results depends upon the accuracy of answer given by the respondents.

- The results and conclusions of the study were solely based on the information provided by the respondentconfidential matter like age, income, savings etc.

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## MARKET DYNAMICS IN FMGC SECTORS- A STUDY OF PATANJALI BRAND

**Richa Prakash[1], Dr. Saikat Gochhait[2]  and Dr. Subas Mahapatro[3]**
Student[1] & Assistant Professor[2,3] , Asian School of Business Management, Bhubaneawar

**ABSTRACT**
*The ever changing marketing scenario and heightened competition over the globe has amplified the role of brand at unparalleled level. Every person is a consumer of different brands at the same time. The choice and usage of a particular brand by the consumer over the time is affected by the quality benefits offered by the brand especially when it comes to brand of eatables and cosmetics the perceptions of the people around us affect our decision to buy or not to buy the product. Thus in order to survive in the marketing environment of a country like India, brands need to be positioned in the minds of people. India is already an attractive destination for brands to set in due to favourable marketing conditions. India has known to be a hub of Herbal brands as well since the herbal products are deeply associated with the spirituality sentiments of the people. This study carries out a study on what factor satisfied by the marketing dynamics and that is how the company achieves loyalty of the customer towards the products. Affect buying decision of the buyers for brand*

*Keywords: Metrospirituality, Market Dynamics, Herbal Brands, Consumer Packaged Goods (CPG)*

## INTRODUCTON
## MARKETING DYNAMICS
Market dynamics are pricing signals that are created as a result of changing supply and demand levels in a given market. Market dynamics describes the dynamic, or changing, price signals that result from the continual changes in both supply and demand of any particular product or group of products. Market dynamics is a fundamental concept in supply, demand and pricing economic Models. Any change in either the supply or demand for a specific product or group of products forces a corresponding change in the other, and these variances because pricing signals. In a free or open market in which no entity has the ability to influence or set prices, the price of a good is determined by the market, which consists of the buyers and sellers, collectively. A single entity or group, therefore, is unable to have a significant effect on market dynamics.

## FAST-MOVING CONSUMER GOODS (FMCG) OR CONSUMER PACKAGED GOODS (CPG)
Fast-moving consumer goods (FMCG) or consumer packaged goods (CPG) are products that are sold quickly and at relatively low cost. Examples include non-durable goods such as soft drinks, toiletries, over-the-counter drugs, processed foods and many other consumables. In contrast, durable goods or major appliances such as kitchen appliances are generally replaced over a period of several years.

FMCG have a short shelf life, either as a result of high consumer demand or because the product deteriorates rapidly. Some FMCGs, such as meat, fruits and vegetables, dairy products, and baked goods, are highly perishable. Other goods, such as alcohol, toiletries, pre-packaged foods, soft drinks, chocolate, candies, and cleaning products, have high turnover rates. The sales are sometimes influenced by some holidays and season.

Though the profit margin made on FMCG products is relatively small (more so for retailers than the producers/suppliers), they are generally sold in large quantities; thus, the cumulative profit on such products can be substantial. FMCG is a classic case of low margin and high volume business.

India's FMCG sector is the fourth largest sector in the economy and creates employment for more than three million people in downstream activities. Its principal constituents are Household Care, Personal Care and Food & Beverages. The total FMCG market is in excess of Rs. 85,000 Crores. It is currently growing at double digit growth rate and is expected to maintain a high growth rate.

**Fast Moving Consumer Goods (FMCG) - alternatively known as consumer packaged goods (CPG)** are products that are sold quickly and generally consumed at a regular basis, as opposed to durable goods such as kitchen appliances that are replaced over a period of years. The FMCG industry primarily engages in the production, distribution and marketing operations of CPG. FMCG product categories comprise of food and dairy products, pharmaceuticals, consumer electronics, packaged food products, household products, drinks and others. Meanwhile, some common FMCG include coffee, tea, detergents, tobacco and cigarettes, soaps and others. The big names in this sector include Sara Lee, Nestle, Reckitt Benckiser, Unilever, Procter & Gamble, Coca-Cola, Carlsberg, Kleenex, General Mills, Pepsi, Mars and others. In recent years, the fast moving consumer goods sector (FMCG) is witnessing increased use of sales promotion activities all over the world. This sector is characterized by products having low unit value and requiring frequent purchases and consumer

behaviour reflecting less loyalty, impulse buying, and low involvement on the part of a consumer (Kotler, 2003).

## FMCG SECTOR IN INDIAN MARKET – OVERVIEW

India's FMCG sector was valued at INR60, 000cr in 2004 after a growth of 4% during 2003-04. According to a report by the Federation of Indian Chambers of Commerce and Industry (FICCI), several FMCG registered double-digit growth in value terms, for example, shaving cream (20%), deodorant (40%), branded coconut oil (10%), anti-dandruff shampoos (15%), hair dyes (25%) and cleaners and repellents (20%). On the contrary, negative growth of up to 8% was registered in products such as personal healthcare, laundry soaps, dish wash, toilet soap, toothpaste and toothpowder. In 2008, India's FMCG sector had a value of INR86, 000cr and analysts projected a growth of 15% in 2010 (2009: 12%) as the economy shows signs of recovery. According to the FICCI-Techno report, the FMCG sector will grow at a rate of 10-12% within the next decade to reach INR206, 000cr by 2013 and INR355, 000cr by 2018. The implementation of the proposed Goods and Services Tax (GST) and the less restrictive foreign direct investment (FDI) policies are expected to contribute to the growth of the FMCG sector to INR225, 000cr by 2013 and INR456, 000cr by 2018. With a total market size in excess of USD14.7bn, India's FMCG industry is the fourth largest sector in its economy and plays a vital role in India's socioeconomic front with nearly eight million stores selling FMCG and employing some 25mn people as wholesalers, distributors and others. Besides that, the FMCG sector purchases nearly INR9,600cr worth of agricultural products and processes them into value-added products while the sector accounted for nearly 40% of the media industry's revenue. Sales in the FMCG sector grew by a staggering 14.8% during the six-month period ended September 2009 but only expanded 7% during the two-month period ended November 2009. As a result of lower growth in the sector, India's top 10 FMCG companies experienced deceleration in sales growth from 9.9% during the first half of the financial year (April September 2009) to a growth of 3.3% during the October- November period. In addition, contributing factors such as price increase of 50-100% for most agriculture commodities as well as higher crude oil prices caused operating margin to fall during the October-December quarter.

## FMCG Category and Products

| Category | Products |
|---|---|
| Food and Beverages | Health beverages; soft drinks; staples/cereals/ bakery products (biscuits, bread, cakes); snack food; chocolates; ice cream; tea; coffee; soft drinks; processed fruits; vegetables; dairy products; bottled water; branded flour; branded rice; branded sugar; juices etc. |
| Household Care | Fabric wash (laundry soaps and synthetic detergents); household cleaners (dish/utensil cleaners, floor cleaners, toilet cleaners, air fresheners, insecticides and mosquito repellents, metal polish and furniture polish). |
| Personal Care | Oral care; hair care; skin care; personal wash (soaps); cosmetics and toiletries; deodorants; perfumes; feminine hygiene; paper products. |

The Indian FMCG sector has a market size of $13.1 billion. Well-established distribution networks, as well as intense competition between the organised and unorganized segments are the characteristics of this sector. FMCG in India has a strong and competitive MNC presence across the entire value chain. It has been predicted that the FMCG market will reach $33.4 billion in 2015 from $11.6 billion in 2003. The middle class and the rural segments of the Indian population are the most promising market for FMCG, and give brand makers the opportunity to convert them to branded products. The Indian economy is surging ahead by leaps and bounds, keeping pace with rapid urbanization, increased literacy levels and rising per capita income. The FMCG sector consists of consumer non-durable products, which broadly include personal care, household care and food and beverages.

**Top 10 Companies in FMCG Sector**

| S.No. | Companies |
|---|---|
| 1. | Hindustan Unilever Ltd |
| 2. | ITC (Indian Tobacco Company) |
| 3. | Nestlé India |
| 4. | GCMMF (AMUL) |
| 5. | Dabur India |
| 6. | Asian Paints (India) |
| 7. | Cadbury India |
| 8. | Britannia Industries |
| 9. | P&G Hygiene and Health Care |
| 10. | Marico Industries |

It is largely classified into organized and unorganized segments. The sector is buoyed by intense competition between these two segments. Besides competition, it is marked by a robust distribution network coupled with increasing influx of MNCs across the entire value chain. The sector continues to remain highly fragmented. India's FMCG sector creates employment for more than three million people in downstream activities. The total FMCG market is in excess of Rs 850 billion. It is currently growing at double-digit rate and is expected to maintain a high growth rate.

## FMCG GROWTH PROSPECT

India has a population of more than 1.150 Billion which is just behind China. According to the estimates, by 2030 India population will be around 1.450 Billion and will surpass China to become the World largest in terms of population. FMCG Industry which is directly related to the population is expected to maintain a robust growth rate.

## PATANJALI AYURVED LIMITED

The Patanjali Ayurved Limited is an Indian FMCG company. Manufacturing units and headquarters are located in the industrial area of Haridwar while the registered office is located at Delhi the company manufactures mineral and herbal products. It also has manufacturing units in Nepal under the trademark Nepal Gramudhyog and imports majority of herbs in India from Himalayas of Nepal and imports majority of herbs in India from Himalayas of Nepal Ramdev baba has stated in his interview that profit from Patanjali Products goes to charity.

Baba Ramdev established the Patanjali Ayurved Limited in 2006 along with Acharya Balkrishna with the objective of establishing science of Ayurveda in accordance and coordination with the latest technology and ancient wisdom.

## REVENUES: PATANJALI AS A BRAND

The ever changing marketing scenario and heightened competition over the globe has amplified the role of brand at unparalleled level. Every person is a consumer of different brands at the same time. The choice and usage of a particular brand by the consumer over the time is affected by the quality benefits offered by the brand especially when it comes to brand of eatables and cosmetics. Consumer satisfaction is derived when he compares the actual performance of the product with the performance he expected out of the usage. Philip Kotler (2008) observed that satisfaction is a person's feelings of pressure or disappointment resulting from product's perceived performance (outcome) in relation to his or her expectations. If the perceived benefits turned out to be almost same as expected, customer is highly In Indian scenario, perceptions about a particular brand are important because Indian customers rely on the perception of their near and dear ones before actually buying or using the product. The perceptions of the people around us affect our decision to buy or not to buy the product. Perceptions are highly subjective and thus easily distorted.

| Year | Revenues (In crore Rs) |
| --- | --- |
| 2009-10 | 163 |
| 2010-11 | 317 |
| 2011-12 | 446 |
| 2012-13 | 850 |
| 2013-14 | 1,200 |
| 2014-15 | 2,006 |
| 2015-16 | 5,000 |

The qualm of buying and not buying continues into the mind or the black box of the prospective consumer unless his decision is not supported by many. Thus in order to survive in the marketing environment of a country like India, brands need to be positioned in the minds of people. India is already an attractive destination for brands to set in due to favourable marketing conditions. India has known to be a hub of Herbal brands as well since the herbal products are deeply associated with the spirituality sentiments of the people. A WHO (World Health Organization) study estimates that about 80 percent of world population depends on natural products for their health care instead of modern medicines primarily because of side effects and high cost of modern medicine (Sharma, Shanker, Tyagi, Singh, & Rao, 2008) The worldwide herbal market products are around $6.2 billion and estimated to reach$5 trillion by the year 2050 (WHO & Kumar & Janagam, 2011) This paper carries out a study on what factor satisfied and that is how the company achieves loyalty of the customer towards the products. Affect buying decision of the buyers for brand.

PATANJALI."Patanjali "- a brand set up by PATANJALIAYURVEDA LTD is backed by robust preaching and promotion of World renowned Guru Swami Ramdevji and an international authority on Ayurveda and Traditional Herbs. The company is set up with an objective to provide superior quality of products at fair price and to get their customers rid off the chronic diseases by providing products which are organic and natural. This concept of Herbal and Pure has gained momentum in India and across the world since people now a days are

more centred towards keeping themselves near to Nature due to their commercialized routines. PATANJALI AYURVEDA LTD has more than100 different products in the catalogue for Skin, Hair, Heart, Eyes and Kidney diseases. Patanjali's recent tie up with Future Group to enter into FMCG segment through Big Bazaar Retail stores is another big advantage towards the availability of Patanjali Products near to their consumers. The Patanjali Products have rightly been placed at advantage by the very concept of Marketing through Spirituality.

## PRODUCTION

Patanjali Food and Herbal Park at Haridwar is the main production facility operated by Patanjali Ayurved. The company plans to establish further units in India and in Nepal.

In 2016, the Patanjali Food and Herbal Park was given a full-time security cover of 35 armed Central Industrial Security Force (CISF) commandos. The park will be the eighth private institute in India to be guarded by CISF paramilitary forces.

## PRODUCTS
### Toothpaste by Patanjali Ayurved

Patanjali Ayurved produces products in the categories of personal care and food. The company manufactures 444 products including 45 types of cosmetic products and 30 types of food products. According to Patanjali, all the products manufactured by Patanjali are made from Ayurveda and natural components Patanajali have also launched beauty and baby products. Patanjali Ayurvedic manufacturing division has over 300 medicines for treating a range of ailments and body conditions, from common cold to chronic paralysis.



Patanajali launched instant noodles on 15 November 2015.Food Safety and Standards Authority of India slapped a notice on the company as neither Patanjali nor Aayush, which are the two brand names under which Patanjali got licenses, have got any approval for manufacturing instant noodles.

In 2016, Patanjali has announced to enter the textile manufacturing centre. The company is reported to manufacture not only traditional clothes such as Kurta Payjama but also popular western clothes such as jeans.

On November 5, 2016, Patanajali announced that it will set up a new manufacturing plant Patanjali Herbal and Mega Food Park in Balipara, Assam by investing ₹1,200 crore (US$180 million) with the manufacturing capacity of 1,000,000 tonnes ($2.2 \times 10^9$ lb) of goods per year. The new plant will be the largest facility of Patanjali in India and will be operational by March 2017. Patanjali already has around 50 manufacturing units across India.



## REVIEW OF LITERATURE

**Dang and Koshy, 2004,** The FMCG product category in India is also witnessing severe competition like the US markets. A plethora of sales promotion offers are made ranging from simple price-offs to innovative contests and gift offers trying to lure the deal-prone consumers

**Mazzarotto (2001) and Dobson et al. (2001),** Fast moving consumer goods (FMCGs) constitute a large part of consumers' budget in all countries. Retail trade in these products, that is, their supply to households, has attracted considerable interest from consumers and policy-makers because a well-functioning retail sector is essential for daily provision of these essential products at high quality and low cost. The retail sector for FMCGs is the process of a drastic transformation. New, "modern" retail formats, like chain stores and hyper/supermarkets, have rapidly diffused in almost all major urban areas, and increased their market share at the expense of traditional formats (grocery shops, green groceries, etc.) in the last couple of decades. This rapid transformation has raised concerns about competitive conditions in the sector

**James G Maxham 2001,** this paper reports two studies (i.e., an experimental design and a field study) that examine the effects that different levels of service recovery have on satisfaction, purchase intentions, and one's propensity to spread positive word-of-mouth(WOM).The results indicatethat moderate to high service recovery efforts significantlyincreasepost-failure levels of satisfaction, purchase intent, and positive WOM.

**Kaj Storbacka, Tore Strandvik, Christian Grönroos (1994),** Addresses customer-relationship economic issues, more specifically the link between service quality and profitability from a relationship marketing and management perspective. In this perspective the task of marketing is not only to establish customer relationships, but also to maintain and enhance them in order to improve customer profitability. In the service quality literature higher quality is assumed to lead to customer satisfaction, which leads to customer loyalty and this drives customer profitability. The framework highlights factors that, in addition to service quality and customer satisfaction, influence the links between service quality and profitability.

**Department of Management Studies, Indian Institute of Technology, Roorkee, Uttarakhand (India)- (2014),** Marketing through spirituality has become a significant topic of discussion as it affects the consumption behaviour of people. Therefore, spiritual organizations are launching and selling their own products for the customers to capture the market. Here, in this study, yoga and pranayama are considered as the dimensions of spirituality and it is observed that people generally rely on a spiritual guru for performing yoga and pranayama. The study revealed that yoga and pranayam are very effective tools in marketing through spirituality and influence the consumption behaviour of masses. Patanjali Yogpeeth is best suited example to study the present topic.

**Asia-Pacific Journal of Business Administration (2015),** This paper proposes a conceptual model where respect, brand experience, and brand reputation have been identified as factors driving brand love and affective commitment, consumer citizenship behaviour, repurchases intention, consumer forgiveness, and attitude toward the extension as outcomes of brand love.

**Harpell & MarcGobe in Brand awareness (2003),** surveyed marketing professionals and CEOs in February, she found generating leads, making sales and developing new channels were the new priorities, not branding. Only 19 percent listed branding among their top challenges.

**Harley Manning In Brand awareness (1997),** some, branding might not feel like a tangible aspect of running a business. It can't be seen like a product on the shelf, or counted like a cash drawer at the end of the night. But, branding is the reason people pay three times more for a product at one store over another. Good branding is the product of a clear vision, and nobody knows more about vision than small business owners. But, with limited resources, creating a brand identity can be tricky.

**Fitch in Brand awareness (2005),** before she launched her company's new web site, Fitch made sure it would be an event that her potential clients would never forget. Red-carpet Creations mailed 4,000 silver tubes containing scrolls that looked like rolled-up carpet. Inside the scrolls was an announcement about the web site's launch. Once online, the web site was an extension of the invitations because it followed through on the themes of red carpet imagery and references to visitors being treated like a VIP.

**Tom Milson: in Brand awareness (1997),** While a web site can be a significant tool for building brand awareness, clarity and functionality are paramount. "Just be careful not to let the communication about your brand get in the way of delivering your message," Tom Milson says. People should be able to understand how to navigate the site without knowing a thing about the company's catch phrases. "You can't frustrate and annoy people into liking your brand," he says. Pay attention to customer feedback about the site because, ultimately, it's the customers' opinion that counts.

**Zafer B. Erdogan in Brand awareness (1997),** Use of celebrities as part of marketing communications strategy is a fairly common practice for major firms in supporting corporate or brand imagery. Firms invest significant monies in juxtaposing brands and organisations with endorser qualities such as attractiveness, likeability, and trustworthiness. They trust that these qualities operate in a transferable way, and, will generate desirable campaign outcomes. But, at times, celebrity qualities may be inappropriate, irrelevant, and undesirable.

## OBJECTIVES OF THE STUDY
The study in hand is conducted keeping in view the following objectives:
To study the brand perception of 'PATANJALI' in minds of Consumers
1. To know the attributes that a customer keeps in mind while buying 'PATANJALI' Products

2. To study the satisfaction level of consumers after using 'PATANJALI' Products

## RESEARCH METHODOLOGY
## RESEARCH DESIGN

Research design specified the methods and procedures a particular study, A research design is the arrangement of conditions for collection and analysis of the data in a manner the aims to combine relevance to their search purpose with economy in procedure. Research design is broadly classified into three type as:

➢ Exploratory Research Design

➢ Descriptive Research Design

➢ Casual Research Design

A **descriptive** study is one in which information is collected without changing the environment (i.e., nothing is manipulated). Sometimes these are referred to as "correlational" or "observational" studies. In psychology, techniques used to describe behaviour include the perception of the customers of products manner they use it, surveys, naturalistic observation, interviews, and psychological tests.

This study is Descriptive research used to describe characteristics of a <u>population</u> towards Patanjali Brand keeping in view of marketing dynamics of FMCG sector for which 15 variables has been taken  marketing dynamics in view like Price, product quality ,promotion, place impact of celebrity associated like Ramdev Baba on purchasing preference upon the customers for that  population of 60 samples has been taken into consideration so that phenomenon being studied. This study is a method of obtaining information from the detailed observation of an individual or individuals.

In this study the **multiple Correlation** a statistical measure of a relationship among the fifteen variables, gives an indication of how one variable may predict another. The descriptive techniques discussed above permit a statement, in the form of correlations, about that relationship. However, multiple correlation does not imply causation; that is, simply because many events are in some way correlated (related) does not mean that one necessarily causes the other.

## SAMPLE SIZE

The sample size is the population taken into an account for the sampling process. A total of 60 individuals were surveyed in Bhubaneswar, Odisha.

## SAMPLE DESIGN

A sample design is a definite plan for obtaining a sample from a given population. A sample of 60 individuals has been selected for the study, convenience sampling method was used. It is non- probability techniques were subjected because of their convenient accessibility and proximity to the researcher.

## TOOLS FOR DATA ANALYSIS

Different tools used for analysing the collected data include:

➢ SOFTWARE
  • SPSS 20
  • EXCEL

➢ DESCRIPTIVE ANALYSIS
  • MEAN
  • MEDIAN
  • FREQUENCY
  • PERCENTAGE

➢ INFERENTIAL ANALYSIS
  • MULTIPULE CORRELATION

## VARIABLES

To conduct the study fifteen variables has been taken like reasonable price, daily use of product, price sensitiveness, product quality, product origin country, sponsership etc.

## DATA COLLECTION

The type of data used in this study is primary source

## PRIMARY DATA

Primary data involves studying the facts and figures that has been collected, exclusively for the purpose of the particular study. From the population of Bhubaneswar, Odisha, a sample of 60 individuals to know their perception about the Patanjali brand as comparison to the FMCG products.

Correlations

| | | reasonable price | patanjali daliyuse | price sensetive | goodquality highprice | origin country | patanjalibr and | patanjali herbal | better than fmcg | available nearstore | patanjali.h ealthcare product | available in supermark et | thrustwort hy | packajing | promotion Ramdev | sponsorsh ip | patanjalira ting |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| reasonabl eprice | Pearson Correlation | 1 | -.045 | -.097 | -.104 | -.254 | .022 | .205 | .040 | .256* | .062 | .ᵇ | .099 | .126 | -.376** | -.009 | .012 |
| | Sig. (2-tailed) | | .734 | .462 | .428 | .051 | .867 | .115 | .762 | .049 | .640 | | .452 | .336 | .003 | .945 | .927 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| patanjalid ailyuse | Pearson Correlation | -.045 | 1 | -.195 | .017 | .000 | -.068 | .141 | -.134 | .161 | .061 | .ᵇ | .030 | .150 | -.141 | .200 | -.094 |
| | Sig. (2-tailed) | .734 | | .136 | .897 | 1.000 | .605 | .282 | .307 | .220 | .641 | | .819 | .254 | .282 | .126 | .476 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| pricesens etive | Pearson Correlation | -.097 | -.195 | 1 | .137 | .150 | -.204 | -.098 | -.062 | -.336** | -.268* | .ᵇ | -.297* | -.188 | .185 | .127 | .036 |
| | Sig. (2-tailed) | .462 | .136 | | .298 | .253 | .117 | .457 | .637 | .009 | .038 | | .021 | .151 | .157 | .335 | .783 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| goodqualit yhighprice | Pearson Correlation | -.104 | .017 | .137 | 1 | -.303* | -.144 | .191 | .065 | -.035 | -.256* | .ᵇ | -.131 | -.445** | -.029 | .266* | -.047 |
| | Sig. (2-tailed) | .428 | .897 | .298 | | .018 | .271 | .144 | .623 | .788 | .049 | | .318 | .000 | .828 | .040 | .719 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| origincoun try | Pearson Correlation | -.254 | .000 | .150 | -.303* | 1 | .381** | -.684** | -.018 | -.718** | -.347** | .ᵇ | -.408** | .236 | .427** | -.047 | -.147 |
| | Sig. (2-tailed) | .051 | 1.000 | .253 | .018 | | .003 | .000 | .891 | .000 | .007 | | .001 | .070 | .001 | .723 | .262 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| patanjalibr and | Pearson Correlation | .022 | -.068 | -.204 | -.144 | .381** | 1 | -.600** | -.145 | -.452** | -.369** | .ᵇ | -.360** | .149 | .246 | -.203 | .035 |
| | Sig. (2-tailed) | .867 | .605 | .117 | .271 | .003 | | .000 | .268 | .000 | .004 | | .005 | .257 | .059 | .119 | .468 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| patanjalih erbal | Pearson Correlation | .205 | .141 | -.098 | .191 | -.684** | -.600** | 1 | .034 | .714** | .431** | .ᵇ | .537** | -.302* | -.549** | .093 | -.080 |
| | Sig. (2-tailed) | .115 | .282 | .457 | .144 | .000 | .000 | | .735 | .000 | .001 | | .000 | .019 | .000 | .479 | .543 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| patanjalipr oductquali ty | Pearson Correlation | .040 | -.134 | -.062 | .065 | -.018 | -.145 | .034 | 1 | .120 | .153 | .ᵇ | .355** | .269* | .155 | -.119 | .065 |
| | Sig. (2-tailed) | .762 | .307 | .637 | .623 | .891 | .268 | .795 | | .360 | .242 | | .005 | .038 | .238 | .366 | .624 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |

| | | | | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| p.availa.n earstore | Pearson Correlation | .256* | .161 | -.336** | -.035 | -.718** | -.452** | .714** | .120 | 1 | .617** | b | .631** | .074 | -.538** | -.034 | .105 |
| | Sig. (2-tailed) | .049 | .220 | .009 | .788 | .000 | .000 | .000 | .360 | | .000 | | .000 | .572 | .000 | .799 | .426 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| p.healthc areproduc t | Pearson Correlation | .062 | .061 | -.268* | -.256* | -.347** | -.369** | .431** | .153 | .617** | 1 | b | .653** | .326* | -.129 | -.150 | -.054 |
| | Sig. (2-tailed) | .640 | .641 | .038 | .049 | .007 | .004 | .001 | .242 | .000 | | | .000 | .011 | .327 | .253 | .684 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| p.supmar. bb | Pearson Correlation | b | b | b | b | b | b | b | b | b | b | b | b | b | b | b | b |
| | Sig. (2-tailed) | | | | | | | | | | | | | | | | |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| p.thrustwo rthy | Pearson Correlation | .099 | .030 | -.297* | -.131 | -.408** | -.360** | .537** | .355** | .631** | .653** | b | 1 | .055 | -.328* | -.143 | -.022 |
| | Sig. (2-tailed) | .452 | .819 | .021 | .318 | .001 | .005 | .000 | .005 | .000 | .000 | | | .676 | .011 | .275 | .865 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| packajing | Pearson Correlation | .126 | .150 | -.188 | -.445** | .236 | .149 | -.302* | .269* | .074 | .326* | b | .055 | 1 | .245 | -.158 | .046 |
| | Sig. (2-tailed) | .336 | .254 | .151 | .000 | .070 | .257 | .019 | .038 | .572 | .011 | | .676 | | .059 | .229 | .726 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| promotion R.m | Pearson Correlation | -.376** | -.141 | .185 | -.029 | .427** | .246 | -.549** | .155 | -.538** | -.129 | b | -.328* | .245 | 1 | -.178 | -.114 |
| | Sig. (2-tailed) | .003 | .282 | .157 | .828 | .001 | .059 | .000 | .238 | .000 | .327 | | .011 | .059 | | .173 | .386 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| sponsorsh ip | Pearson Correlation | -.009 | .200 | .127 | .266* | -.047 | -.203 | .093 | -.119 | -.034 | -.150 | b | -.143 | -.158 | -.178 | 1 | -.064 |
| | Sig. (2-tailed) | .945 | .126 | .335 | .040 | .723 | .119 | .479 | .366 | .799 | .253 | | .275 | .229 | .173 | | .629 |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| patanjalira ting | Pearson Correlation | .012 | -.094 | .036 | -.047 | -.147 | .095 | -.080 | .065 | .105 | -.054 | b | -.022 | .046 | -.114 | -.064 | 1 |
| | Sig. (2-tailed) | .927 | .476 | .783 | .719 | .262 | .468 | .543 | .624 | .426 | .684 | | .865 | .726 | .386 | .629 | |
| | N | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |

*. Correlation is significant at the 0.05 level (2-tailed).

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

b. Cannot be computed because at least one of the variables is constant.

## CORRELATION ANALYSIS INTERPRETATION

The values of correlation among the variables affect the buying decisions of the users which shows their perception towards the Patanjali brand given below:

The correlation values among the factors affecting buying decisions and perception about the Patanjali brand are some positive as well as some of them are negative.

The relation between the price sensitive with the daily use of Patanjali product is negative (-0.045) which means the users may feel that some of the daily use product of Patanjali the cannot afford, but even the liking of Patanjali brand shows the positive correlation (.022) correlated. Use of herbal products in daily use shows the positive correlation (.141) which means the users like use herbal products of the Patanjali in their regular use. Reasonable price and trustworthiness shows the positive correlation (.099) some of the users believe that Patanjali is a trustworthy brand any they are charging reasonable price for the products they are agree to pay the price Patanjali is charging for the Products. Ramdev Baba promotes Patanjali produsts which shows the positive correlation (.155) with better than an FMCG sector the belief of the customers and liking is towards the Ramdev Baba motivates the sale of patanjali Products. Correlation as a brand Patanjali rating is showing positive relationship (.095) this conducted correlation test shows 95% of significance.

## DATA ANALYSIS, INTERPRETETIONS
### 1. Patanjali products are reasonable in price

**Table- 1**

| REASONABLE PRICE | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 21 | 33.9 | 35.0 | 35.0 |
| | 2 | 22 | 35.5 | 36.7 | 71.7 |
| | 3 | 10 | 16.1 | 16.7 | 88.3 |
| | 4 | 5 | 8.1 | 8.3 | 96.7 |
| | 5 | 2 | 3.2 | 3.3 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

**Figure 1**



### Interpretation
Analysis shows that large respondents agree that the price of the Patanjali products are reasonable in price. in figure 1. It shows the high frequency (22) and higher percentage of 35.5%.
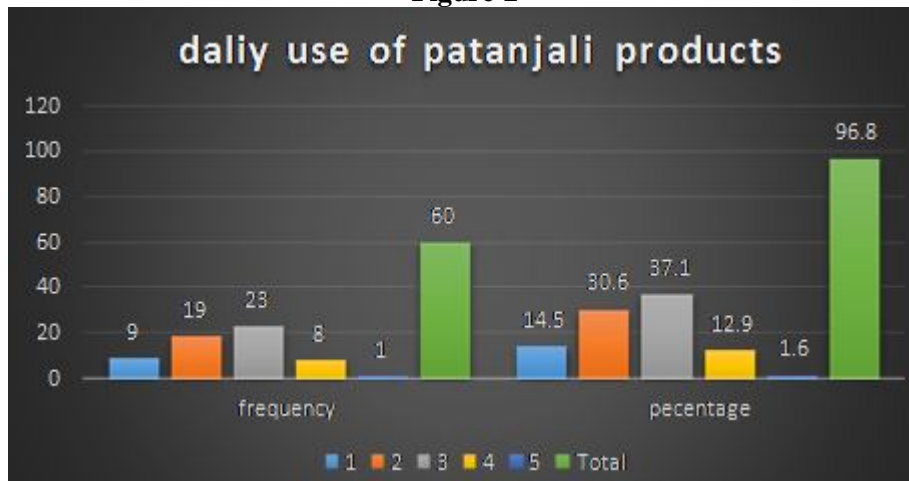
### 2. Do you purchase only Patanjali products for daily use?

**Table-2**

| Daily use of Patanjali products | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 9 | 14.5 | 15.0 | 15.0 |
| | 2 | 19 | 30.6 | 31.7 | 46.7 |
| | 3 | 23 | 37.1 | 38.3 | 85.0 |
| | 4 | 8 | 12.9 | 13.3 | 98.3 |

| | | 5 | 1 | 1.6 | 1.7 | 100.0 |
|---|---|---|---|---|---|---|
| | Total | | 60 | 96.8 | 100.0 | |
| Missing | System | | 2 | 3.2 | | |
| Total | | | 62 | 100.0 | | |

**Figure-2**



daliy use of patanjali products
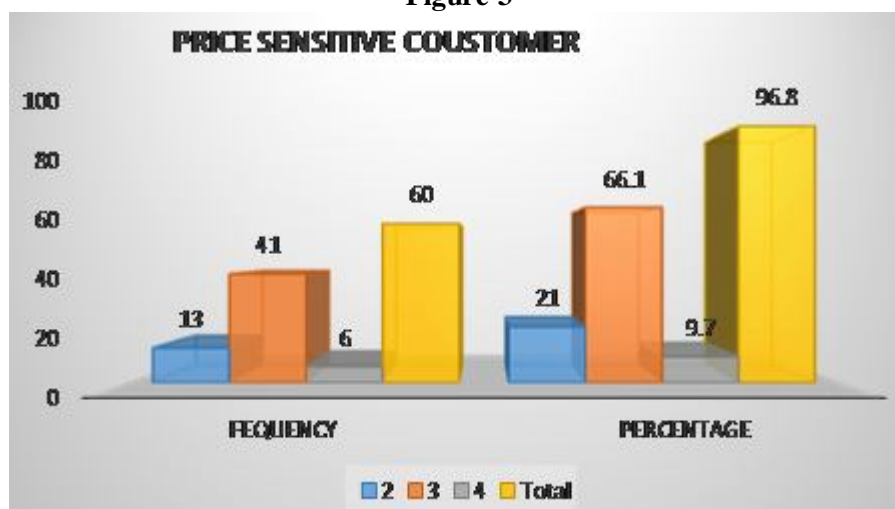
### Interpretation
In table-2 it shows that the respondents says that they neither agree nor disagree in using Patanjali products for their daily use, the frequency is high (23) and which shows the overall 37.1% .

### 3. Price Sensitive Consumer

**Table-3**

| Price Sensitive | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 2 | 13 | 21.0 | 21.7 | 21.7 |
| | 3 | 41 | 66.1 | 68.3 | 90.0 |
| | 4 | 6 | 9.7 | 10.0 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

**Figure-3**



PRICE SENSITIVE COUSTOMER

### Interpretation
ANALYSIS-3, higher frequency (41) and 66.1% state the customer are neither agree nor disagree with the price of the patanjali products.

**4. Preference of the Buying Products of Good Quality But in High Price**

**Table-4**

| Preference of Good Quality But in High Price | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 2 | 6 | 9.7 | 10.0 | 10.0 |
| | 3 | 32 | 51.6 | 53.3 | 63.3 |
| | 4 | 21 | 33.9 | 35.0 | 98.3 |
| | 5 | 1 | 1.6 | 1.7 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

**Figure-4**
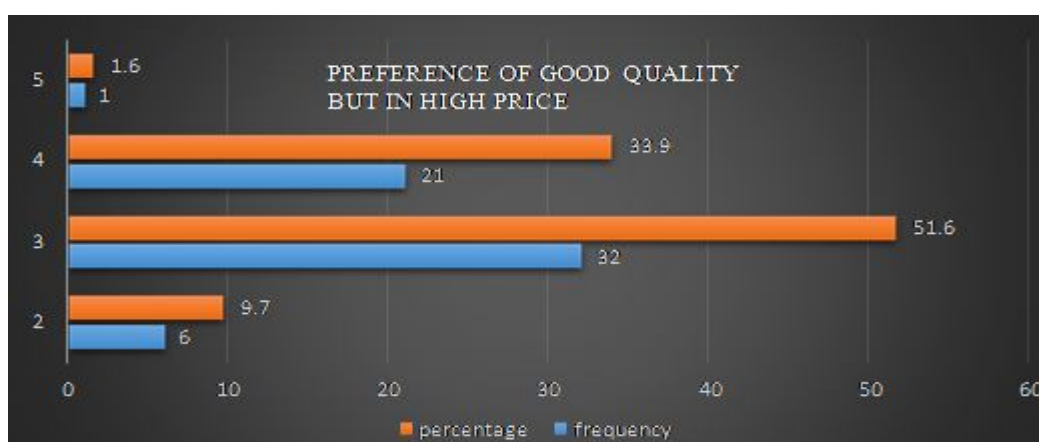


**Iterpretation**

Freequency(32) and 51.6% figure state that more than half numbers of respondents are neither agree or nor disagree to purchase the fast moving consumer goods of high price but of good quality if they can afford they have no problem in purchasing high price good quality.

**5. Country of Origin Effect Product Purchase Decision**

**Table-5**

| Country Origin Product Preference | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 3 | 40 | 64.5 | 66.7 | 66.7 |
| | 4 | 20 | 32.3 | 33.3 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

**Figure-5**
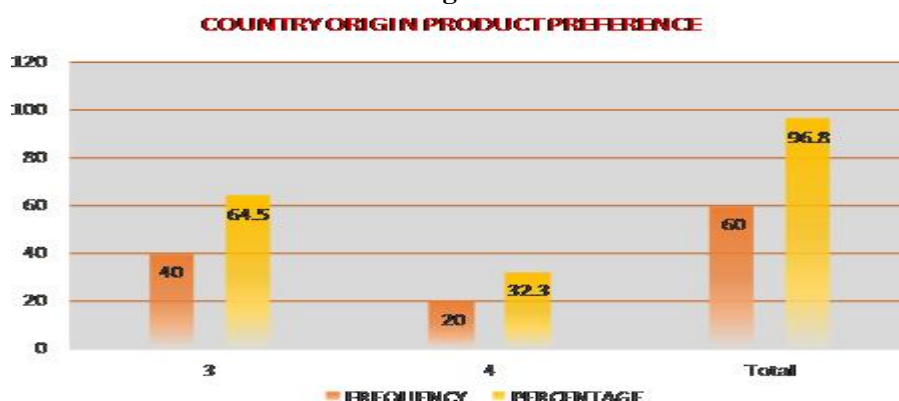
**Iterpretation**

Above frequency (40) and 64.5% shows that the respondents have not any problem to have the products of outside the countries. Even that swadesi preference of product is not so strong among the customers.

**6. Association of Product With a Patanjali Brand Lead to Preference For Such Product**

**Table-6**

| Patanjali Brand Preference | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 2 | 37 | 59.7 | 61.7 | 61.7 |
| | 3 | 20 | 32.3 | 33.3 | 95.0 |
| | 4 | 3 | 4.8 | 5.0 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

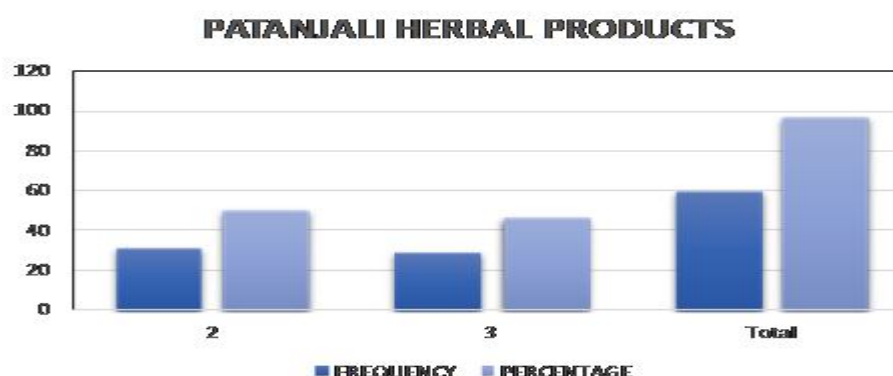**Figure-6**
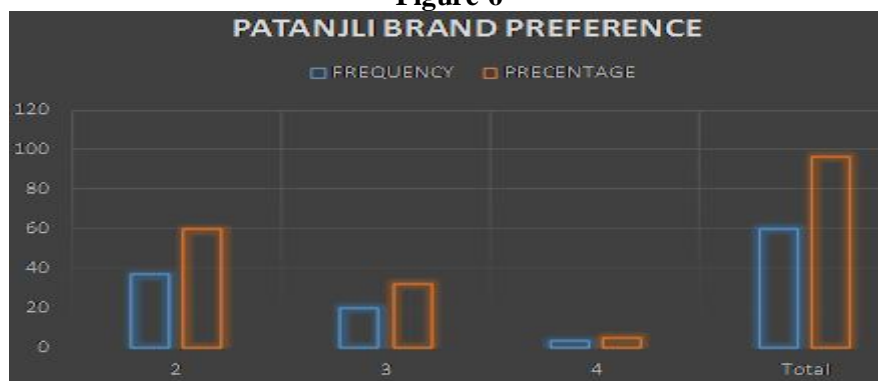


**Iterpretation**

Above figures state that if the product is related to the patanjali brand the customers would like to purchase the product because its shows the high frequency (37) and percentage 59.7%.

**7. Patanjali Herbal Products Better Than the Products Which are Made Up of Chemicals of Other Brands**

**Table-7**

| Patanjali Herbal Products | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 2 | 31 | 50.0 | 51.7 | 51.7 |
| | 3 | 29 | 46.8 | 48.3 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

**Figure-7**

**Iterpretation**

Above facts and figures frequency (31) and50% state that large numbers of the respondents agrees that the Patanjali herbal products are better than the FMCG products which are made up of chemicals and some of the respondents belief that FMCG products are also made of herbal.

## 8. Patanjali Products Quality is Better Than Other FMCG Products

**Table-8**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| | | | | | |

| Quality Of Patanjali Product | | | | | |
|---|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | 2 | 26 | 41.9 | 43.3 | 43.3 |
| | 3 | 28 | 45.2 | 46.7 | 90.0 |
| | 4 | 6 | 9.7 | 10.0 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

**Figure-8**



QUALITY OF PATANJALI PRODUDCTS
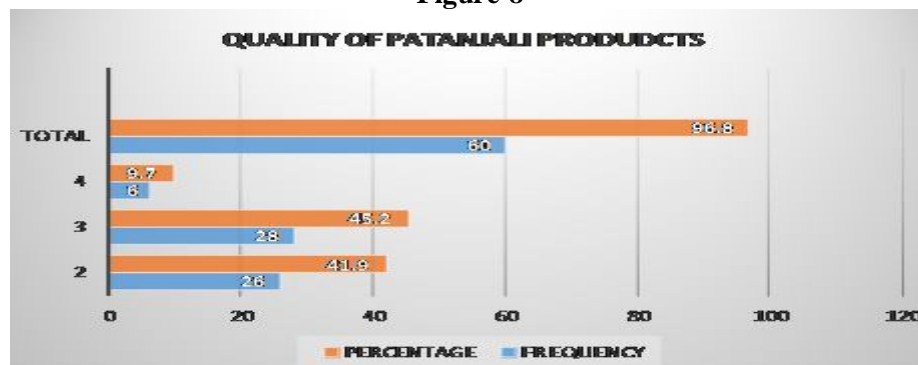
**Iterpretation**

From above facts and figures the respondents agree as well as neither agree nor disagree that the Patanjali Products are better than FMCG products. The respondents of neither agree or nor disagree shows high frequency (28) and 45.2%.

## 9. Patanjali Products are Easily Availability in the Nearby Stores

**Table-9**

| PATANJALI PRODUCTS AVAILABLE NEAR STORES | | | | | |
|---|---|---|---|---|---|
| | | Frequency | Percent | Valid Percent | Cumulative Percent |
| Valid | 2 | 24 | 38.7 | 40.0 | 40.0 |
| | 3 | 30 | 48.4 | 50.0 | 90.0 |
| | 4 | 6 | 9.7 | 10.0 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

**Figure-9**



PATANJALI PRODUCTS AVAILABLE NEAR STORES
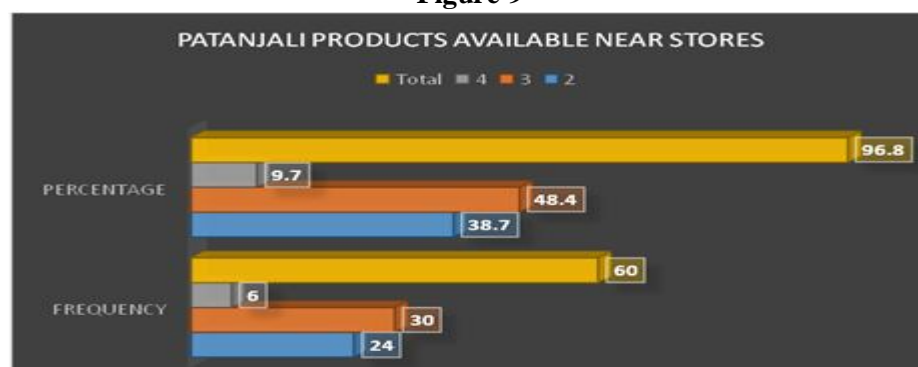
**Iterpretation**
Above facts and figures frequency (30) and48.4% state that the respondents neither agree or nor disagree that they find the stores near their residents but the frequency (24) state that there are Patanjali stores available to their localities.

### 10. Liking of Using Patanjali Health Care Products More Than the Other Brands

**Table-10**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| | | | **Patanjali Health Care Products** | | |
| Valid | 2 | 36 | 58.1 | 60.0 | 60.0 |
| | 3 | 13 | 21.0 | 21.7 | 81.7 |
| | 4 | 11 | 17.7 | 18.3 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

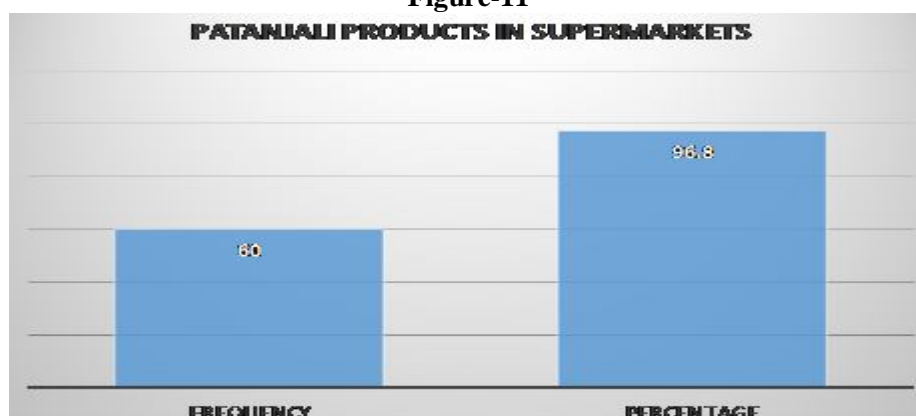**Figure-10**
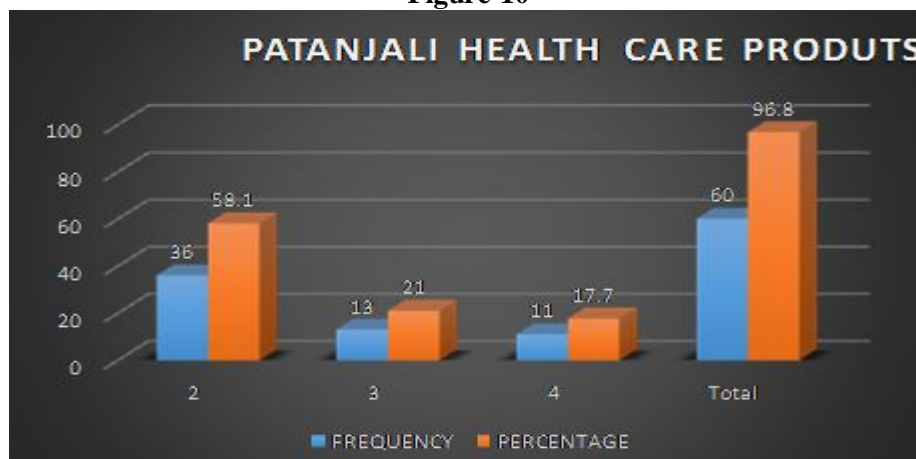


**Iterpretation**
Above facts and figures state that the respondents agree that the health care products of Patanjali products are good and cure disease the high frequency (36) and 58.1%

### 11. Patanjali Products Easily Availability in the Super Markets Like Bigbazar

**Table-11**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| | | | **Patanjali Products in Supermarkets** | | |
| Valid | 2 | 60 | 96.8 | 100.0 | 100.0 |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

**Figure-11**

**Iterpretation**

The above facts and figures state that the respondents agree that Patanjali products are available in the super markets like Big Bazars.

**12. The Patanjali Products More Trustworthy then Other Products**

**Table-12**

| Patanjali Trustworthyness | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 2 | 45 | 72.6 | 75.0 | 75.0 |
| | 3 | 15 | 24.2 | 25.0 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

**Figure-12**



PATANJALI TRUSTWORTHYNESS
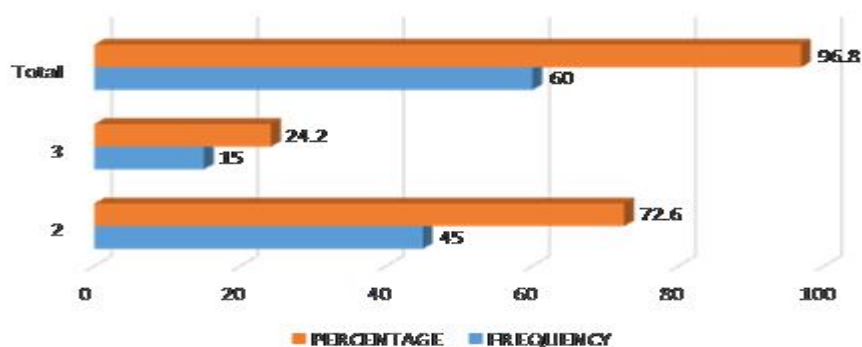
**Iterpretation**

Above facts and figures state that the patanjali products are trustworthy high numbers of respondents are agree its shows high frequency (45) and 72.6%

**13. The Packaging of the Product Influence Purchasing Decision**

**Table-13**

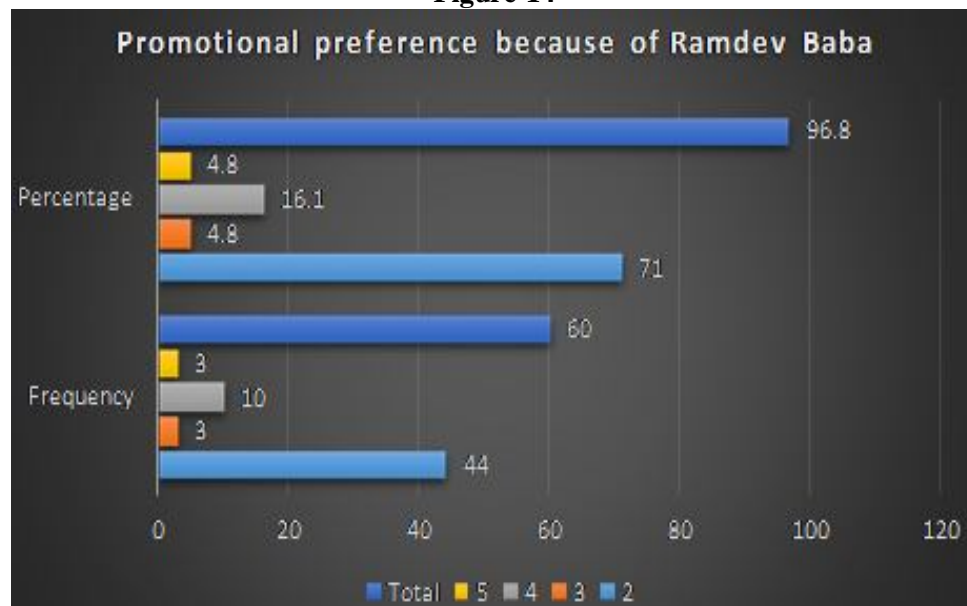| Product Preference on Packaging | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 1 | 1 | 1.6 | 1.7 | 1.7 |
| | 2 | 25 | 40.3 | 41.7 | 43.3 |
| | 3 | 27 | 43.5 | 45.0 | 88.3 |
| | 4 | 7 | 11.3 | 11.7 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

**Figure-13**



Product preference on packaging
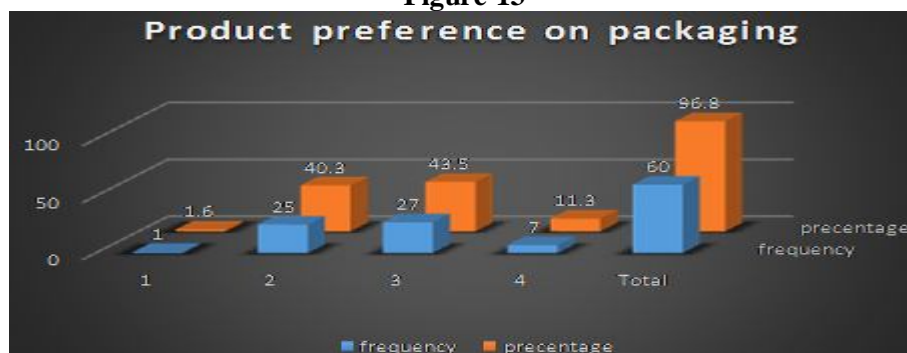
**Iterpretation**
It shows that many respondents purchase preference due to packaging of the products because frequency (27) and 43% were as many respondents may or may not prefer packaging because frequency (25) and 40.3%

**14. The Source of High Promotion of The Patanjali Products Due to Swami Ramdev Baba**

**Table-14**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| | | **Promotional Preference Because of Ramdev Baba** | | | |
| Valid | 2 | 44 | 71.0 | 73.3 | 73.3 |
| | 3 | 3 | 4.8 | 5.0 | 78.3 |
| | 4 | 10 | 16.1 | 16.7 | 95.0 |
| | 5 | 3 | 4.8 | 5.0 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

**Figure-14**



**Iterpretation**
As per the above facts the respondents are are agree they go for the Patanjali brand because of Ramdev Baba, they have liking and trust on him it show the high frequency of (44) and 16.1%

**15. Company Sponsorship Help Them Build a Strong Brand**

**Table-15**

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| | | **Liking of Brand Due to Sponsorship** | | | |
| Valid | 1 | 1 | 1.6 | 1.7 | 1.7 |
| | 2 | 12 | 19.4 | 20.0 | 21.7 |
| | 3 | 22 | 35.5 | 36.7 | 58.3 |
| | 4 | 18 | 29.0 | 30.0 | 88.3 |
| | 5 | 6 | 9.7 | 10.0 | 98.3 |
| | 6 | 1 | 1.6 | 1.7 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

**Figure-15**
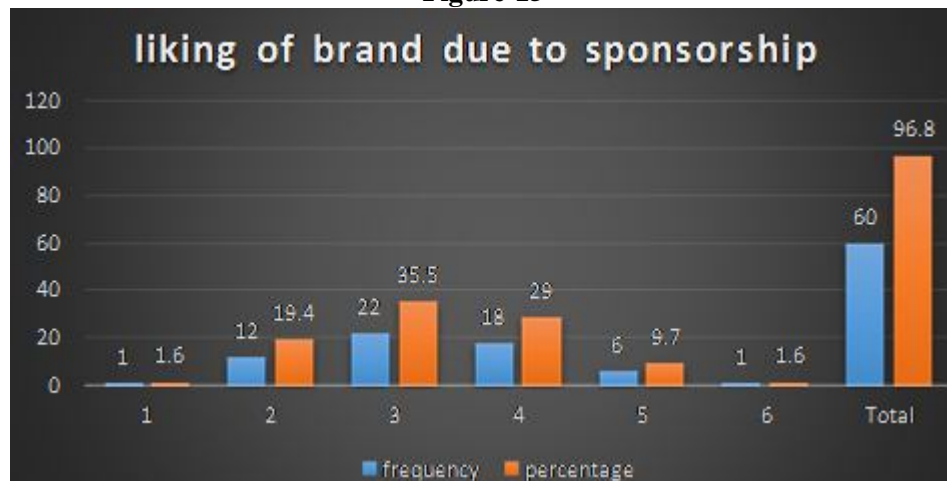


**Iterpretation**

As per the above figure it is stated that many respondent believe that sponsorship also creates the awareness and liking of the brand, the frequency shows high (22) and 35.5%

**16. Rating to Patanjali Product Out of 1 To 10**

**Table-16**

| Patanjali Rating | | Frequency | Percent | Valid Percent | Cumulative Percent |
|---|---|---|---|---|---|
| Valid | 4 | 1 | 1.6 | 1.7 | 1.7 |
| | 5 | 2 | 3.2 | 3.3 | 5.0 |
| | 6 | 5 | 8.1 | 8.3 | 13.3 |
| | 7 | 13 | 21.0 | 21.7 | 35.0 |
| | 8 | 15 | 24.2 | 25.0 | 60.0 |
| | 9 | 21 | 33.9 | 35.0 | 95.0 |
| | 10 | 2 | 3.2 | 3.3 | 98.3 |
| | 88 | 1 | 1.6 | 1.7 | 100.0 |
| | Total | 60 | 96.8 | 100.0 | |
| Missing | System | 2 | 3.2 | | |
| Total | | 62 | 100.0 | | |

**Figure-16**
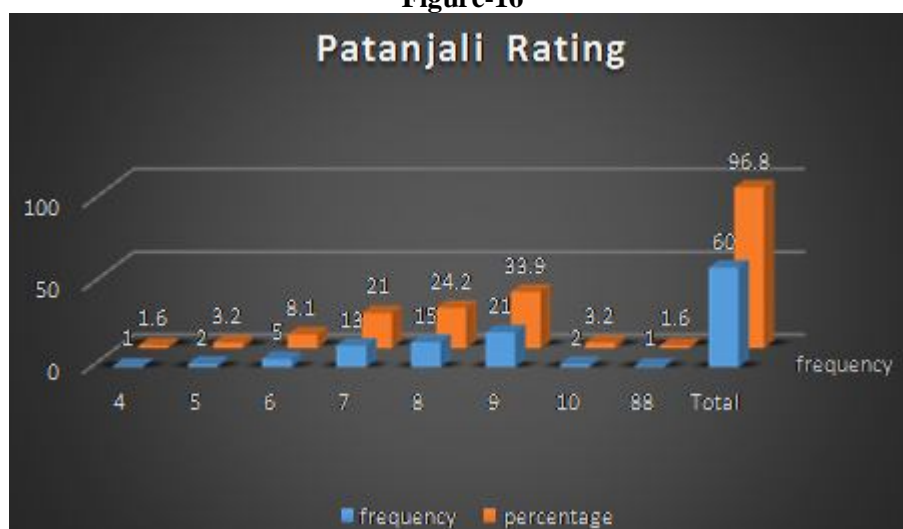


**Iterpretation**

As per the above the Patanjali high rating is 9 out of 10 because of high frequency (21) and 33.9%.

| | | reasonabl eprice | patanjalid ailyuse | pricesens etive | goodqualit yhighprice | origincoun try | patanjalibr and | patanjalih erbal |
|---|---|---|---|---|---|---|---|---|
| N | Valid | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| | Missing | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Mean | | 2.08 | 2.55 | 2.88 | 3.28 | 3.33 | 2.43 | 2.48 |
| Median | | 2.00 | 3.00 | 3.00 | 3.00 | 3.00 | 2.00 | 2.00 |
| Std. Deviation | | 1.078 | .964 | .555 | .666 | .475 | .593 | .504 |
| Minimum | | 1 | 1 | 2 | 2 | 3 | 2 | 2 |
| Maximum | | 5 | 5 | 4 | 5 | 4 | 4 | 3 |

| | | patanjalipr oductquali ty | p.availa.ne arstore | p.healthca reproduct | p.supmar. bb | p.thrustwo rthy | packajing | promotion R.m | sponsors hip | patanjalira ting |
|---|---|---|---|---|---|---|---|---|---|---|
| N | Valid | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 | 60 |
| | Missing | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Mean | | 2.67 | 2.70 | 2.58 | 2.00 | 2.25 | 2.67 | 2.53 | 3.32 | 9.20 |
| Median | | 3.00 | 3.00 | 2.00 | 2.00 | 2.00 | 3.00 | 2.00 | 3.00 | 8.00 |
| Std. Deviation | | .655 | .646 | .787 | 0.000 | .437 | .705 | .947 | 1.017 | 10.423 |
| Minimum | | 2 | 2 | 2 | 2 | 2 | 1 | 2 | 1 | 4 |
| Maximum | | 4 | 4 | 4 | 2 | 3 | 4 | 5 | 6 | 88 |

**Interpretation**

From the above table it states that the mean is highest in country origin (3.33) which proves respondents feel Patanjali brand is good because it is National FMCG products as well as they also thing that is of good quality because the mean is (3.28) there preference is more because of it is swadesi and of affordable in price.

The median states that they respondents have more considers (3 and 2) which states the large number of respondents feel that they are neither agree nor disagree for the price sensitiveness, availability of products in the market and the preference of good products but of high quality were as they are agree about the brand position due to Ramdev Baba

Standard deviation states the high deviation in price Reasonability which is (1.078) many respondents are still believe that price of patanjali products are needed to be more reasonable there is difference in the view of their opinion and least in country origin which is (0.475) here the respondents agree that they have trust on the Patanjali product because it is swadesi

**CONCLUSION**

The Findings in this study show that there are many significant factorsthat together make up the buying decision of the productCustomers' perceptiontowards a brand is built largely on the satisfactory value the user receives after paying for the product and the benefits the user looks for. In the above study, a large portion of the user is satisfied from Patanjali products. It may be because of reasonable price of the product. It may be due to ability of the product to cure the problem. The satisfaction brings in the retention of customer. Patanjali is enjoying the advantageous position in market through spirituality element involved in its products. However, it should not ignore the competitors like Naturals, pure roots, Vindhya herbals. Patanjali in order to retain more customers and satisfy them, must fulfil the claims made by the company before any other brand may mushroom up and take away the benefits of marketing through spirituality.

➢ **Reasonable price increase the sale of product and create a brand image-** The price of Patanjali products are reasonable in price and in the budget of the common people so the sale is high and also increasing very fast to compete other multinational FMCG products. Daily needs products are of reasonable rate and affordable in price

➤ **Liking of Patanjali brand due to Ramdev Baba**- People have faith and believe on Ramdev Baba because of being a very popular Yoga guru they believe that whatever he is telling about his product is true and there is increase of selling of Patanjali product.

➤ **Swadesi impact and the purity-(National FMCG company)** People also like to purchase the patanjali brand due to being manufactured in India and purely herbal no use of chemical and transparency manufacturing aslo leads to creates good brand image of Patanjali.

➤ **Marketing through spirituality-** people of India has a belief on spirituality Patanjali claims the ingredients use to make their products by the herbs which is written in veds and ties the products with spirituality and come out with the unique identity.

➤ **Patanjali promotes digital marketing which helps to create a brand image-** the Patanjali also coming with the approach of digital marketing which creates a good approach among the customers.

➤ **Availability of the stores in rural and urban area-** The availability of Patanjali brand in all states of the country and must found in all locality increase the sale of the patanjali products and also increase the brand image.

## SUGGESTION

➤ **Price can be more moderate-** there are many products which are not having the affordable price they are quite expensive as the products are produced in the country so that Patanjali need to be quite price considerable  so that the poor people can purchase those products

➤ **More advertising-** To create the awareness about the patanjali Products they need to adopt more sales promoting techniques like other FMCG products companies.

➤ **Focus on the youths-** Youths are more associated with different brand and their liking among them is also very popular so, Patanjali must take some initiative to create the liking of their brand among the youths.

➤ **Produce Cosmetics products-** As like Lakme and other beauty brands products Patanjali also try to produce such products in the markets

➤ **Celebrity involvement-** Patanjali can involve celebrity which will also bring the liking of the products among the people

➤ **Can be expend to the other countries-** As other Multinational companies are selling their products in our country Patanjali can also expend its business outside the countries

➤ Fashionable wearing retail sector- Patanjali may get into the fashion sector to increase its market share and brand image

## LIMITATION OF THE STUDY

➤ The results of the study may not be generalized because researcher followed convenient sampling method.

➤ Moreover, the study includes students with zero income which may not give conclusive results as income affects the buying capacity too.

➤ Also, Researcher could not gather much data from age group of 55 and above. The bias cannot be excluded since the researcher only reached out to accessible area to distribute and gather information.

➤ Time and resource constraint are other limitations too.

➤ The data collected in the Orissa Bhubaneswar so that the variety of samples from different cities could not collected for the more better out come

➤ Sometimes respondents are hesitating while filling questionnaire.

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# PSYCHOANALYTICAL SIGNIFICANCE OF MUSIC IN SOCIAL AND PERSONALITY DEVELOPMENT OF AN INDIVIDUAL

**Dr. Chandana Aditya**

Assistant Professor, Department of Psychology, Women's College, Calcutta

Music listening is one of the most enigmatic of human behaviours and one of the most popular leisure activities. Music is a ubiquitous companion to people's everyday lives. Throughout history, scholars of various stripes have pondered the nature of music. Philosophers, psychologists, anthropologists, musicologists, and neuroscientists have proposed a number of theories concerning the origin and purpose of music and some have pursued scientific approaches to investigating them (e.g., Fitch, 2006; Peretz, 2006; Levitin, 2007; Schäfer and Sedlmeier, 2010). One way to know about the origin of the music is to know about the functions of music or how music is used by human beings.

Empirical studies of musical functions have been very heterogeneous. Some studies were motivated by questions related to development. Many related to social identity. Others were motivated by cognitive psychology, aesthetics, cultural psychology, or personality psychology. Another line of theorizing refers to music as a means of social and emotional communication. Sound was one of the most effective ways to coordinate cohesive group activities, reinforce social bonds, resolve animosities, and to establish stable hierarchies of submission and dominance( Panksepp and Bernatzky,2002). Work and war songs, lullabies, and national anthems have bound together families, groups, or whole nations. Relatedly, music may provide a means to reduce social stress and temper aggression in others.

Present study aims at discussing psychoanalytical significance of music in social and personality development of an individual. It will focus on Freudian and Neo Freudian theories of music listening and appreciation, specially the object relations theory where music may be treated as the substitute of mother and as a means of comprehending the chaotic id in a better formulated ego.

## INTRODUCTION

Music is so naturally united with us that we cannot be free from it even if we so desired---Boethius[1].

The art historian Herbert Read[2] wrote: "Far from being an expenditure of surplus energy, as earlier theories have supposed, art, at the dawn of human culture, was a key to survival, a sharpening of the faculties essential to the struggle for existence". Music, as an art, is significant for the survival as a way of communicating feelings and cementing bonds between individuals, especially in group situations in religious rituals, in warfare, social ceremonies or public occasions.

## MUSIC-WHAT DOES IT MEAN?

Music is an art and like other forms of art it pleases our mind and brings peace and relaxation to our soul. In the Oxford Universal Dictionary Illustrated, Onions[3] (1964) said that "Music is that one of the fine arts which is concerned with the combination of sounds with a view to beauty of form and the expression of thought or feeling; also, the science of laws or principles by which this art is regulated".

Anthropological accounts of music often refer to multiple social and cultural benefits arising from music. Merriam[4] (1964) provides a seminal example. In his book, The Anthropology of Music, Merriam proposed 10 social functions music can serve (e.g., emotional expression, communication, and symbolic representation). Merriam's work has had a lasting influence among music scholars, but also led many scholars to focus exclusively on the social functions of music. Following in the tradition of Merriam; Dissanayake[5] (2006) proposed six social functions of ritual music (such as display of resources, control, and channeling of individual aggression, and the facilitation of courtship).

There are so many ways in which scholars and theorists have defined music, but nobody could deny its role in shaping the existence of an individual. Neither these concepts could exclude the symbolic nature of music and its relationship with unconscious mind. According to Karl Leichter[6] the origin of music and musical expression lies on the inner psychic tensions, which try to find their relaxation through music. Richman [7]said "....Music is the language. of emotional and physiological arousal. A culturally agreed-upon pattern of rhythm and melody, i.e. a song, that is sung together, provides a shared form of emotion that, at least during the course of the song, carries along the participants so that they experience their bodies responding emotionally in very similar ways".

## DEVELOPMENT OF A CHILD AND MUSIC

Since, the basic nature of our musical experience is based on bodily reactions; it affects directly autonomic nervous system. It does not require intelligence to comprehend or understand music. On the other hand it helps an individual to organize and comprehend his inner world (Lehtonen[8], 1994).

The sense of hearing is the oldest of our senses. The reactions of the infant against the sound differ significantly from its reactions against other stimuli. After birth, when the individual is cared properly and shielded against the external disturbances, the sense of hearing gets the most important role in the communication between the infant.s "little-by-little" developing internal world and the chaotic and unorganized world.

For many writers, the origins of music are to be located in the early vocalizations of the child. According to Racker[9] (1951), music is conceptualized as developing from infantile scream. A scream is most primitive form of emotional expression. Even an adult expresses anxiety and despair, aggression and a cry for help and even an erotic call for the object. This observation is true for human beings as well as lower animals. According to Stern[10] and Lehtonen[11] the archaic world of the infant is composed of the cyclic variations of different states of tension and relaxation which he needs to cope with. This coping process of a new born baby with the external world is comparable to the forms of music and experiencing music, as observed byStern[12]. The psyche of a newborn baby is totally unformulated. In the beginning the amount of his/her skills and activities are limited. The experienced world is being built up little by little on the inherent abilities. The social contacts with the environment take a significant place in this development. The function of "musical thinking" is to set chaotic sound mass in order and to grasp this unorganized material of inner psyche and outer world (Bion[13], 1977; Lehtonen, 1987[14], 1988[15], 1989[16]). As long as a new born is unable to comprehend and grasp the "inner chaos" s/he cannot master his/her environment.

Rhythm is the first organizing structure in the infant's experiences. Even during mother's pregnancy rhythmic experiences appear in the cosmic chaos of the infant's world. As observed by David Burrows [17] (1990) "the mother's heartbeat and breathing are among the earliest indications babies have of the existence of a world beyond their own skin". Just after birth the rhythmic changes of feeling bad and feeling good appear in the new born baby's world. A pattern of arousal followed by relaxation is ubiquitous---- an inescapable aspect of both human and animal life. A mother or care giver soothes a baby by humming lullabies often accompanied by swinging him. If the baby is not getting enough care from his mother, he could try to help his restlessness by using rhythmic movements e.g. swinging back and forth, by the relaxing continuity of repetition. Even as an adult, rocking chair helps regressing an individual in his reverie, release his tension and relaxing him. Rhythm is the beginning of order and the most primitive structure of human mind. It helps to structure and comprehend the outside world, even to establish control over it.

Thus, it can be said that musical experience in its most general sense seems clearly to have very much in common with the archaic ways of thinking or coping with the world. Music is a branch of body language, a certain kind of bodily processes which gives meanings to things and in which unconscious bodily experiences of meaning and their symbolic derivates gain their own abstract forms. According to Rechardt[18] the "structure without content" in music actually represents the similar structures of archaic bodily comprehending.

It acts as a mediator which helps to connect an individual's inner and outer world. The pre verbal responses to different aspects of music, acts almost in the same way as the „projective techniques. in psychology devices by which a subject is induced to ascribe his own thoughts, emotions and motivations, rooted in his unconscious; to something or someone outside himself.

## MUSIC, UNCONSCIOUS AND PSYCHOANALYSIS: DEVELOPMENTAL PERSPECTIVE

Talking about the connection of unconscious and music obviously leads to its significance in psychoanalysis which is both a therapeutic process and a theory. However, Sigmund Freud[19], Father of Psychoanalysis., in spite of appreciating other forms of art, was almost incapable of deriving any pleasure from music. In his view, all forms art, including music are sublimations of unsatisfied libido. The implication of his theory reaches the conclusion that if total sexual fulfilment were possible by means of complete adaptation to reality, the arts including music would become otiose. Psychoanalysis is based on Freud's theories of infantile development: it includes the idea that no one, however mature, entirely outgrows his or her infantile past. This theory also proposes that human beings regress to the earlier stages of emotional development whenever they are fatigued, physically ill, neurotically disabled or prevented from finding mature instinctual satisfaction. Although psychoanalysis recognizes that no human being reaches complete emotional maturity, the implication is that regression to infantile modes of satisfaction and communication is to be deplored : at best, it is a respite from the burden of being an adult; at worst, a permanent failure to grow up.

However, many of the Freud's followers have ventured upon psychoanalytic interpretation of music, though for that purpose they have taken help of concepts developed by Freud. Some psychoanalysts have attempted to explain the emotional effects of music in terms of regression. Music, in their view, is an extension of intimate relationship between the mother and infant. D. W. Winnicot[20] suggested that sounds initiated by a child before falling asleep, which soothes him at the time of anxiety (loss) is extended to his later cultural life in the form of music. Pinchas Noy[21] recorded that several of his patients admitted a recurrent pressing need to hear music. Sometime later all these patients vividly recalled early memories of their long-dead mothers.. He also claimed music takes a person back to the primary period when the maternal voice conveyed loving assurance. This exhibits a strong desire to regress to the earliest type of emotional communication, that between a mother and an infant. In other words, music can take us back to a world in which the barriers between self and objects are dissolved.

Kohut[22] observed that „Music...permits a specific subtle regression to preverbal, i.e., to truly primitive forms of mental experience while at the same time remaining socially and aesthetically acceptable.. As an explanation, that how and why musical experience is significant in psychodynamics of an individual; Coriat[23] observes „music is the purest expression of art and musical fantasy is practically untrammelled or distracted by associations rooted in reality. It reaches the unconscious with a minimum extraneous resistance. Thus, all music represents the deeper sources of unconscious thinking because it is untrammelled by the limitations of language, as in poetry, or by visual imagery, as in painting.

However, in spite of this regressive primitive quality of musical experience, as Kohut[24] pointed out, music is socially and aesthetically acceptable.; bears the fact that not only unconscious but some conscious mental organization is also involved in the process. Common to all the ego psychology theories, says Noy[25], is the conception of music as more than a mere indirect expression of basic energy and latent wishes. They all view music as an activity which is initiated by the ego.. Music is initiated by the ego in order to serve as a defense against various forces., as an aid, therefore, in the struggle of ego for mastering..

Art and music are assumed to be a civilizing influence in lending a sense of the aesthetic, of order, design, structure, wholeness and unity to otherwise disparate and dangerous experiences. Meyer[26] conceived of a parallelism of structure between processes of syntax in music and processes of the human mind, governed as they are by „general laws. like that of the „Gestalt law of completeness, which asserts that the human mind , searching for stable shapes, wants patterns to be as complete as possible.. Noy[27] concludes all these theories „ affirm as the central property of art its intrinsic tendency to conform to rules, designs, gestalt forms, but none explains the origin and significance of these rules..

Notwithstanding their different emphases, all the theories referred to so far, seem to subscribe to a view that there are three possible functions for music : „ emotional catharsis for repressed wishes (Id),...mastering of the threats of trauma (Ego), and enjoyable submission to rules (Superego).[28] The above discussion relates the music listening and appraisal activities of an individual with development of different stages of personality, especially from a psychodynamic approach.

In a not very recent study[29] the present author highlighted the cathartic property of music which is individualized. Music appreciation process and ability to release emotion (catharsis), of an individual varies according to his/ her need pattern. Those who have experienced warm. emotion like joy in pre selected traditional North Indian classical music pieces (Ragas), irrespective of moods claimed to be expressed by them; are found to possess an extravert. attitude, showing warmth and stability in their manifested behaviour. On the other hand, those who have experienced cool. emotions like sadness and calmness are found to have an introvert attitude, swayed primarily by their internal world and having relatively less energy to get engaged in external activities. Individuals expressing catharsis were analyzed for their need patterns. It is found that a capacity to experience pleasure and relief from pent up emotions require strong and stable functioning of ego. and self. with the energy directed towards external world. This study used the constructs of extraversion. and „introversion. from the theory of C. G. Jung[30], the most prominent psychoanalytic theorist and therapist after Freud. Thus, it is possible to relate music listening and appreciation other way round with listeners. personality dispositions and the unconscious mental processes.

All those relations and realizations regarding the music and unconscious lead to the use of music for therapeutic purpose, alone or in combination with other therapies. However, certain considerations should be borne in the mind while considering this function. Preferably, any verbal association should be avoided, in order to reach unconscious more directly and use of human voice also should be avoided in order to control unnecessary identification in the process. Minimalist music of Terry Riley, as mentioned by Gardner [31] and Bonny Guided Imagery Method[32] are proved to be effective among such therapies.

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# WEST BENGAL URBAN EMPLOYMENT SCHEME AND WOMAN EMPOWERMENT- A CASE STUDY OF BOROUGH V, KMC

**Shelly De (Pandit)**

Assistant Professor, Department of Commerce, Bijoy Krishna Girls' College, Howrah

## ABSTRACT

*The concept of Empowerment was first introduced at the International Women's Conference (1985) in Nairobi. The conference defined empowerment as a 'redistribution of social power and control of resources in favour of women'. The West Bengal Urban Employment Scheme (WBUES), 2011, followed the same path of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005 and thus it is a 'right to work' scheme. A number of women workers are employed in the 100 days work under West Bengal Urban Employment Scheme (WBUES) to empower themselves and to help themselves in their overall development. The word "empower" has become synonymous with the "women". The 100 days work under WBUES has a successful story to empower women. In Borough V of Kolkata Municipal Corporation (KMC), it has been found that the first and foremost outcome of women employment is physical and psychological self-development. Thus KMC's 100days work Employment Scheme which is a "right to work" served a lot of solutions like giving employment opportunity to unemployed urban women so that they could become self depended and empowered and ultimately leads to woman's self-esteem, self- efficacy and self-reliance.*

*Keywords: 100 days work,*

## INTRODUCTION

The concept of Empowerment was first introduced at the 3rd International Women's Conference (1985) in Nairobi. The conference defined empowerment as a 'redistribution of social power and control of resources in favour of women'. Empowerment is "the process of challenging existing power relations and of gaining greater control over the sources of power" (Batliwala, 1994). Thus the extent of empowerment of women in the national hierarchy is determined largely by the three factors – her economic, social and political identity and their weightage. The term women empowerment actually refers to multi dimensional activities from individual's act of expressing or defending rights, claims, or opinions in a confident or forceful way to collective resistance, protest and mobilization that challenge basic power relations. It aimed to change the nature and direction of systematic forces, which enables women to establish their full identity. On the other hand women empowerment is a process, which encompasses different aspects to enhance awareness and increase access to resources. The Report of the working group on empowerment of women by Ministry of Women and Child Development Government of India, 2006 said that empowerment is a long process as women of all ages in most countries experience gender inequality within and outside the home in ways such as limited access to healthcare, housing, education, and work. So process of Women Empowerment as an individual and collective process is based on the following six principles,

- Self-reliance,
- Self-awareness,
- Collective mobilization and organizations,
- Capacity building,
- External exposure and interaction and
- Creating leadership

When women have economic independence, they will be able to take firm decisions against their oppression in families and society. They can integrate their needs for empowerment and motives for empowerment. The United Nation's Women's Empowerment Principles, Equality means Business, 2010 offer practical guidance to business and the private sector on how to empower women in the workplace, marketplace and community. Developed through a partnership between UN Women and the United Nations Global Compact, the Principles are designed to support companies in reviewing existing policies and practices or establishing new ones to realize women's empowerment. In brief, the Principles are:

1. Establish high-level corporate leadership for gender equality
2. Treat all women and men fairly at work respect and support human rights and nondiscrimination
3. Ensure the health, safety and well-being of all women and men workers

4. Promote education, training and professional development for women

5. Implement enterprise development, supply chain and marketing practices that empower women

6. Promote equality through community initiatives and advocacy

7. Measure and publicly report on progress to achieve gender equality (www.unwomen.org)

## 100 DAYS WORK UNDER WEST BENGAL URBAN EMPLOYMENT SCHEME (WBUES)

The Kolkata Municipal Corporation (KMC) had taken an initiative to provide employment to 14000 youth through a 100 days work scheme called 'West Bengal Urban Employment Scheme' (WBUES) from January 2011. The scheme followed the same path of Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), 2005. Like MGNREGA, the aims of WBUES is to enhance livelihood security by providing at least one hundred days of guaranteed wage employment in a financial year to every poor household (HH) whose adult members volunteer to do unskilled manual work. The basic difference between these two schemes is that whereas the MGNREGA is based on the rural HH the WBUES is based on urban HH. So the scheme is a 'right to work' scheme like MGNREGA and it is solely financed by the state government. This Employment scheme was initiated in all the 141 wards of Kolkata Municipal Corporation (KMC) under the civic body and gave temporary employment to 100 youths in each of the 141 KMC wards.

The objectives of WBUES are-

- Giving employment to unemployed youths so that they have become self dependent

- It has also extended its service to its citizens by which it can serve the city better at a much reasonable low price

- To make Kolkata much more clean and beautiful (source- www.kmcgov.in)

In this scheme youths were engaged in the following six types of works -

- Upgradation and improvement of slums

- Different types of engineering work

- Solid waste management

- Maintenance of parks and squares

- Different health services and

- Digging tube well (source- www.kmcgov.in)

The youths are recruited in the following three different categories with three different categories of daily wage-

- Unskilled worker will get Rs. 100 daily

- For every 10 workers there is one recruited supervisor or skilled worker and he/she will get Rs. 120 daily

- At borough level there are chief officers who will get Rs. 167 daily (source-www.kmcgov.in)

The work of these youths is evaluated after every three months. As per KMC statistics out of 14000 employees, 7000 youths are employed in solid waste management department and about 2000 youth are employed in various parks and squares of the City of Joy. A number of women workers are employed in this scheme to empower themselves and to brighten their future. In this situation the need is felt to assess whether it is actually successful to empower women. Borough V has been chosen for the study as it is situated in central Kolkata and can be termed as the "heart of the city".

## REVIEW OF LITERATURE

- Dayal, 1987 opines that the means of conscientising women is to raise their economic status and by thus empowering them, bringing them into the mainstream of national development.

- Koko, 1992, said that empowerment of women means developing them as more aware individuals, who are politically active, economically productive and independent and are able to make intelligent discussion in matters that affect them

- Karl (1995) told that empowerment is one of the major goals of feminist politics. Women and Empowerment is an exploration of the issues involved as women struggle to achieve control over their own lives and to influence the world around them.

- Sahay (1998) said that the empowerment of women by their increased participation in all aspects of political, social and economic life has become one of the major goals of democratic and participatory movements, as well as women s organizations throughout the world. Beyond offering an understanding why empower women, concept and framework for women empowerment, she discussed the approaches and strategies for empowering women by outlining the strategies, mechanisms and tools that women are using for their empowerment.

- DAC Network on Gender Equality (GENDERNET) (2011) disclosed that the largest share of bilateral aid to gender equality and women's empowerment in the economic and productive sectors. Economic empowerment increases women's access to economic resources and opportunities including jobs, financial services, property and other productive assets, skills development and market information.

**OBJECTIVES OF THE STUDY**

The objectives of the study are –

- To investigate the ratio of women workers in different types of activities of the scheme on the basis of various parameters in Borough V, Kolkata.

- To analyse the social and economic development of women under 100days work of WBUES

- To find out the women workers perception about the 100days work and how to make the scheme more effective in meeting its goal

- To assess the overall empowerment of women workers under this scheme

**METHODOLOGY**

The study is based on both primary and secondary data.

- Primary data was collected by administering a structured questionnaire to 47 women workers

- Secondary data was collected from various books, journals and websites

**100 DAYS WORK AND WOMEN EMPOWERMENT IN BOROUGH V**

Borough V consists of 11 wards -36, 37, 40, 41, 42, 43, 44, 45, 48, 49 ad ward no. 50. Therefore 1100 workers are employed under WBUES. The following chart 1 revealed the number of women workers in different types of activities of the scheme on the basis of various parameters in Borough V-
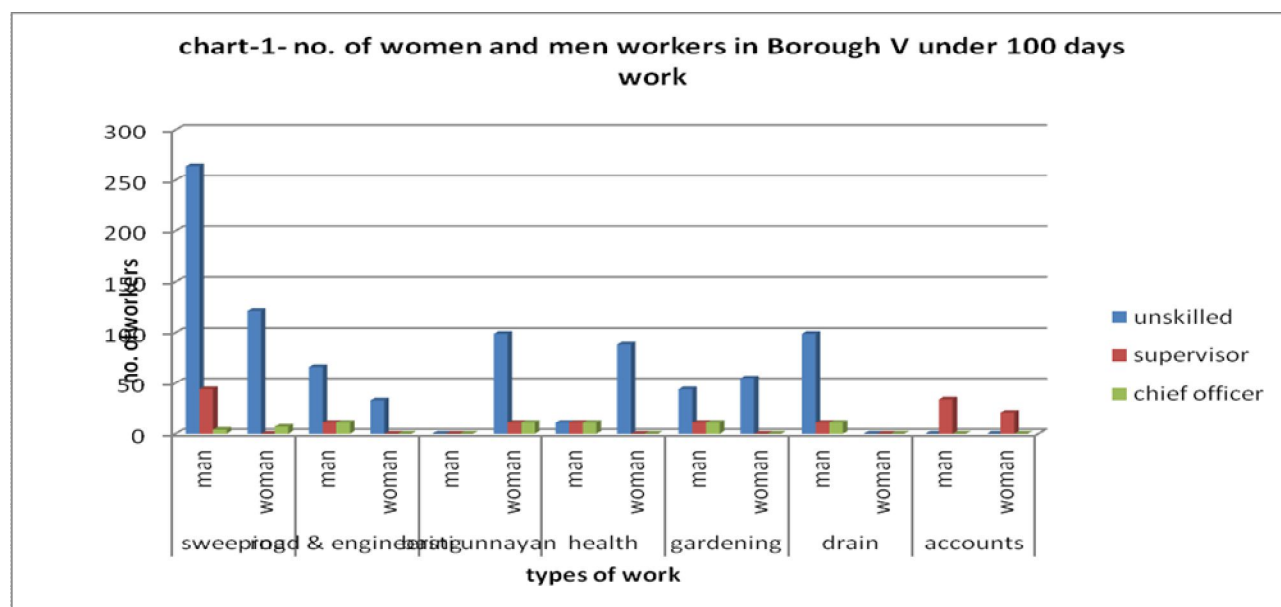


Source-primary data

The above bar chart shows that the work relating to Swiping or Conservancy almost 30% workers are female workers and they are working as unskilled workers. All of the supervisors in swiping or conservancy in Borough V is male. The interesting fact is that among the 11 chief officers 7 are female. It indicates women are occupied 63% of the chief officers' post which is an indicator of women empowerment. It is also clear that women are ready to pursue the job of a sweeper without any social stigma. It is also an indicator of social empowerment of women. The second type of work under this scheme is Road and Engineering. For borough V more than 34% women are unskilled workers though all the posts of supervisors and chief officers are held by men. *Basti Unnayan* is the field of work where 100% unskilled and skilled workers and the chief officers are

women. Community awareness is their primary work which directly leads to the improvement of standard of living of people. Under the work health and gardening 89% and 56% unskilled workers are female respectively. The next type of work is Drain where 100% workers in every aspect are men. The last type of work is Accounts where 38% of the workers are female.

Primary data revealed that out of the 47 respondents 36%, 13%, 11%, 21% and 19% of women are employed in Basti Unnayan, Road and Engineering, Health, Gardening and Conservancy respectively.

Empowerment would not hold any meaning unless there is equal status of women in the society. Empowering women through income generation enhances both their self-esteem and their ability to participate in decisions that affect them within the home and community. Primary data revealed the following social and economic development of women workers employed in 100days work in Borough V-

- **Increase in income:** The main aim of 100days work is to increase the income generation of the urban poor. It has been observed that 100days work helped to put cash incomes into the hands of women that create a greater degree of economic independence among women. The data shows that 82.9% of women workers are more confident about their roles as contributors to family expenditure and their work decisions, and that they are also becoming more assertive about their space in the public sphere.

- **Consumption decision:** From the survey it has been found out that a 100% of the respondents said that they spent their wages on regular food and consumer goods. Thus not only the income of family increases through 100days work but it also ensures the households food security and infant nutrition.

- **Self-confidence:** 100days work has a great impact to boost up the self-confidence of women. The study found that almost 91.11% of women said that they are become self-confident after getting the job. Equal wage with male co-workers help them to achieve this confidence.

- **Literacy and children education:** A significant percentage of workers – almost 45% have studied below class VIII standard and only 8.5% have completed their $12^{th}$ standard. This shows a disappointing picture of educational scenario of women. But the interesting fact is that almost 41% of women spent a part of their 100days wages on their children's education.

- **Healthcare:** Around 79% of the respondents are aware about their health. They took the opportunity to visit local health centre run by Kolkata Corporation for any medical aid.

- **Community-level empowerment:** A large number of women workers regularly attend the meeting held in connection with 100% work. Community level empowerment of women is one of the great achievements of this scheme.

- **Intra-Household status and decision making:** The working women have the "dual burden"- they have to work to earn money for their family in one hand and on the other hand they have the burden of household work. For a male dominant country like India it has been found out that though unemployed women play a major role in raising the economic resources for their family, their contribution towards household work remains uncounted as household work are considered to be unpaid work. Employed or unemployed-women's decisions are not considered for household decision. 83% of samples had to work household duties beside their job. 100days work has significant impact in converting such unemployed women into employed one and widen the scope of decision making role of women in household matters. As the wages are paid through formal institutions, the intra-household status of women increases.

The above results can be shown by the following chart-
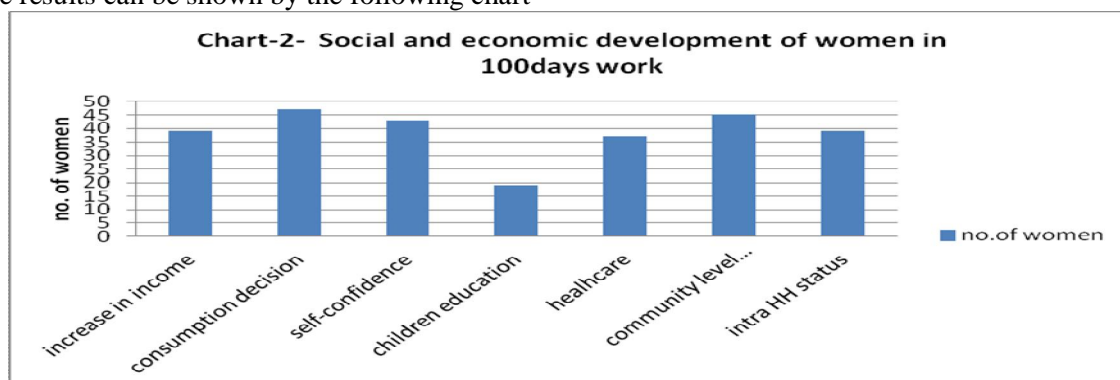
There are certain loopholes of the scheme. One of them is delayed payment of wages. 96% of the respondents said that they are facing the problem of delayed payment. Another problem is that the child care facility is not available in the workplace. 6% of women said that they are to keep their children with their in-laws or neighbours during their working hours that resulted in stress to them. But it is clear from the analysis that 100days work under WBUES has helped the women workers in Borough V towards their economic and social empowerment which will help them in their overall development and ultimately leads to woman's self-esteem, self- efficacy and self-reliance.

## CONCLUSIONS

The word "empower" has become synonymous with the "women". According to the World Bank, countries which promote women's rights enjoy lower poverty rates, faster economic growth and less corruption than countries that do not. It said that "the evidence shows that education, health, productivity, credit and governance work better when women are involved."  When women are supported to empower themselves the whole society benefits and families are healthier. The 100 days work under WBUES has a successful story to empower women. In Borough V it has been found that the first and foremost outcome of women employment is physical and psychological self-development. Besides self-development, a woman starts to mature in terms of social well-being and community-level empowerment. Employment helps her in modifying her social support through co-workers and her social network increases. Her self-confidence helped her to take decisions in family matters. Thus KMC's 100days work Employment Scheme which is a "right to work" served a lot of solutions like giving employment opportunity to unemployed women so that they could become self depended and empowered.

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# CAPITAL PUNISHMENT: THREAT TO THE RIGHT OF LIFE, JUSTIFIABLE? A STUDY FROM ANCIENT TO MODERN

**Dr. Baisakhi Ghosh**

Assistant Professor, Department of Sanskrit, Bijoy Krishna Girls' College, Howrah

## INTRODUCTION

### What is Capital Punishment and why?

At present a frequent arising question is that, Is Capital Punishment justifiable or it is the threat towards Right of Life? Now the question is what is Capital Punishment? Capital punishment means killing a person by judicial process as a punishment of an offence. A crime which result turns toward Capital Punishment is called Capital Offence. It was practiced in various civilizations more or less in every society but if one goes through past to present, progressive views might be found about this. It comes into limelight after the brutal and inhuman state during the 2nd World War. In 1948 the United Nations General Assembly announced a policy-Universal Declaration of Human Rights (UDHR), which pledge among the nations to promote the fundamental rights i.e. foundations of freedom, justice and peace. The UDHR proclaimed the "Rights to Life", its states categorically "no one shall be subjected to torture or cruelty, inhuman or degrading treatment or punishment"[1]. So Capital Punishment comes upon as a threat to the Rights of Life. But the UDHR keeps explicitly silent on this issue. While considering this issue The United Nations General Assembly was resolved in 1994 to restrict the Capital Punishment. But like Singapore many countries protested that Capital Punishment is not comes under Human Rights.[2] Capital Punishment has been interpreted in Human Rights as a safeguard of the limits of the crime. Therefore the Capital Punishment is to be limited for the most serious crimes like international crimes or any kind of crime done under extremely grave consequences. The International Covenant on Civil and Political Rights [4] provided the "Rights of Life" in one hand and on other it's included the Capital Punishment by strict procedural safeguards. It can be said that Capital Punishment might be imposed after following fair trial and minimum guarantee of defense. The value of human life denies by the Capital Punishment so a Human Rights Committee was set up under the International Covenant on Civil and Political Rights and lastly they recognized the Rights of Life as supreme right for which no degradation can be permitted even in any kind of public or mass demand. Thus the Universal Human Law established the "Right of Life" by abolishing the Capital Punishment.

## PURPOSE

This study is focused on the thoughts of two totally opposite key aspects, Right of Life and Capital Punishment. As it is the most emerging issue in recent days so this study tries to analyse the views and opinions on it from the perspectives of ancient, national and international legal system to state how far it is relevant or not at present.

## METHODOLOGY

As a researcher of ancient Indian texts all data are intended from the original texts like *Arthasastra*, *Dharmasastra* etc. Innovative research based articles and information by eminent scholars which are available on the social networking sites are provided for the supremacy of the study.

## OBJECTIVES

### Legal system of Ancient India

The legal system of the ancient India was found quite different from the present. There were two types of offences - spiritual and secular. There was no conception of Civil and Criminal offence. Spiritual punishment was in the form of penance and penitence and secular punishment was laid down by four types of punishments- *Vagdanda* (punishment by using cruel words), *Dhigdanda* (punishments by using assaulting words), *Dhanadanda* (fine) and *Vadhadanda* (capital punishment).[3]. The term crime was generally expressed by *Sahasa* (violence) [4] in the texts of ancient India. According to Manu among the 18 types of litigations the fourth one was– *Sahasa* (crime) which was specified by him as a punishable offence. Gradually those 18 types of litigations were sub divided into different offences. Different natures of offences were committed in different measures of punishment. *Sahasa* was also classified by Manu and other *Smritikaras* under four sub divisions – Abuse, Assault, Theft and Violence. According to *Brihaspati* a worst type of crime deserves only capital punishment and not mere fine.[5]

According to Manu there were two types of Capital Punishment (*Vadhadanda*), one is *Suddhavadha* and other is *Chitravadha*. *Suddhavadha* is, in which the capital punishment is inflicted without torture and in *Chitravadha* the capital punishment is inflected by torture and mutilations. Large numbers of offences lay under

the Capital Punishment, such as theft, robbery, murder, secret assassination, arson, kidnapping, abduction, adultery and many others. The modern concerns about the worth of life and values are quite different from the past. In those days every punishment laid under a very strong and rigid caste system. The gravity of crime was not determined by the severity of the offence, it depends on the caste of the offender and the person offended. The different grades of punishments were noticed for the same crime. According to *Baudhayana* if a *Sudra* kills a Brahmin or a Kshatriya or a *Vaisya* then he should sentenced to be death [6] but if a Brahmin kills any one of the other three castes then he should gave only expiatory penances or donations. If a person kills a person of same caste then the punishment should be given by measuring the gravity of the crime. If a *Kshatriya* uses any abusing language to a Brahmin the he shall be fined by hundred *panas*, for the same crime a *Vaisya* shall be fined by hundred fifty to two hundred *panas* and for *Sudra* corporal punishment will be incorporated with fine.

Manu has explicitly enjoined that a Brahmin should not be killed by the king also if he had committed any kind of severe offence or found guilty. If a Brahmin found guilty then he must be banished from the realm, unscathed with all of his position and possession. According to Manu for a Brahmin tonsure of head is equal to Capital Punishment. [7] Actually in ancient time the social hierarchy was quite partial about the upper caste people. The law of equity and protection was quite different then. But rare instances found where a Brahmin was sentenced to death. Woman of ancient India were also exempted from death penalty. If a woman found guilty according to *Kautilya* no capital punishment should be given but measuring her offence dreadful punishments were prescribed for her which was sometimes much painful than death penalty. Such as if a Brahmin woman had intercourse with a *Sudra* then she should be devoured by dogs or if a woman gives position to her husband or embryo or murdered the same then either she should be burnt alive or drowned into water, provided that she is not pregnant. In case of guilty no conversion of punishment would be considered for a pregnant woman. According to *Kautilya* that pregnant lady should be punished after one month of her delivery and her child's responsibility lies on the state. The ancient statecrafts and lawmakers stated at last that a king should be merciful and should very carefully avoid capital punishment by restraining detention, imprisonment and repression. The ancient statecrafts and lawmakers were not unkind towards the society people but they prescribed dreadful punishments for that no one seeing these pensive measures will commit any kind of offence in future. That's why all the statecrafts and lawmakers gave emphasis on making of self control system because they thought a spiritually strong, self controlled person could not commit any kind of offence whose unmitigated end might goes towards death penalty.

## CAPITAL PUNISHMENT & INDIA

According to Indian Penal Code during the time of independence in1947 only for murder Capital Punishment was provided. Later in 1980 in the judgment of Sri Bachan Singh Supreme Court ruled that Capital Punishment should be used in the "rarest of rare" cases but there was no explanation found to define the "rarest of rare" cases. In India there are two broad categories provide Capital Punishment. According to Indian Penal Code there are nine offences which are punishable by death, under the 'special' or 'local' legislation there finding fourteen categories providing death penalty. Murder, instigating a child's suicide, treason, terrorism and second conviction for drug trafficking and many others lies under these two categories. In 1979 India ratified the International Covenant on Civil and Political Rights but in 2010 India voted against on the cancellation of Capital Punishment. Execution in India by hanging till death is still prevalent. Now it is noticed that India is progressing towards the abolition of Capital Punishment.

## INTERNATIONAL LAWS & CAPITAL PUNISHMENT

Since 1948 UDHR pledged to all the nations to abolish death penalty as it goes against Right of Life. The present scenario is Capital Punishment should be exempted for the offenders those are juvenile, mentally retarded and pregnant. In 2002 and in 2005 the Supreme Court of US exempted minors at the time of offence and mentally retarded person respectively. Now it becomes uncontroversial that juvenile, mentally unstable person and pregnant women should be exempted from the death penalty. The complete abolition of Capital Punishment is one of the conditions for the membership of the European Union. In 1998 the United Kingdom has completely abolished the Capital Punishment. Many states in United States announced prohibition on Capital Punishment.

The recent development is the Human Rights Committee of UN resolved to take a cessation on the use of capital Punishment in their General Assembly. This resolution has been much accepted by the other member States of UN than 2008. At present 132 out 192 member States of UN abolished the rule of Capital Punishment where as the number in 1945 was only 8 out of all. Afghanistan, Solomon Island and Thailand moved from the opposition to nonparticipation. India still stands against this resolution but the General Assembly is expected to endorse this resolution in recent future. This resolution is not obligatory for all nations.[9]

## FINDINGS

If a long discussion from ancient to modern it is found very prominently that in ancient India there was lots of indiscrimination for intending punishments. The upper caste people were privileged and no conversion of punishment was found. In many cases due to rigidness of the society and lawmakers were administered very awful and odious punishments for both male and female which are under any circumstances cannot be stated less painful than Capital Punishment. A large number of offences from theft to atrocious came under Capital Punishment. Though the discussion is based on the ancient India but the same scenario was found almost in all the civilization. The present scenario is not so pleasant, recent trend is obliteration of the Capital Punishment but severe types of dreadful execution is still found in many of the developing nations. But it is appreciable that people at present assessing human value and the treasure of life. From that point of obliteration Capital Punishment is justifiable. India's enriched philosophical realm concerned on the social welfare so that an individual's value and rights can subsidized there for the wellbeing of the mass.

## CONCLUTION

Capital punishment is now interpreted as inhuman and degrading treatments. Amnesty International, a worldwide human rights organization working on the prisoners of conscience stated in their report that how enumerated of methods were used as executions in different states, such as beheading in Saudi Arabia and Iraq, electrocution in USA, lethal injections in China, USA, Thailand, stoning in Afghanistan, Iran and many others. In one side we prohibited capital punishment on other side prohibitions on carrying out death penalty we practice dreadful death? Can anybody state that these procedures are less painful than death penalty? If sentenced to death goes beyond human rights then are these procedures encouraged by human rights? Now the question comes that what purpose does this type of punishment serve? Awful and exemplary punishments are given to the offenders because none should be indulged for doing the same. But in every civilization crimes never come to an end. A country like India with huge population could not be able to fulfill the basic needs of a person – a square meal, clothing and a secured shelter, so how could it would be possible for the country to take a massive control over crime. If the country could not give its citizens a secured life till then any punishment will not bring any change in the society and Capital Punishment will become impulse under judicial system. Actually no penalty can frighten a person if the person itself is not afraid of death. Therefore it might be concluded that a nation has its first duty to build up a healthy environment where the next generation can grow up, knowing the glorious past and promising future with morality and ethics of life and learn self control, unless learning these the nation can only execute or prohibit punishment but cannot be reformative.

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## A STUDY OF LABOUR WELFARE SCHEMES IN REAL ESTSTE SECTOR OF BILASPUR

**Surendra Kaur Bhogal[1] and Dr. Indu Santosh[2]**

Research Scholar[1] & Associate Professor[2], Department of Management, Dr. C. V. Raman University, Bilaspur

**ABSTRACT**

*Labour welfare schemes as "the efforts to make life worth living for workmen". The term „labour welfare schemes", „employee welfare schemes", and„ workers welfare schemes", are used interchangeable to denote various services provided by the employers to the labours in addition to wages. Labour welfare schemes includes provision of various facilities and amenities in and around the work-place for the better life of the labours. The paper examines the perceptions of workers towards labour welfare schemes in the changing economic environment. Labour welfare schemes includes both statutory as well as non-statutory activities. Labour is a back bone of every organization, without labour no work can be done. So labour's satisfaction is very important. Labours will be more satisfied if they get what they expected, job satisfaction relates to inner feelings of workers. A sample of 100 workers has been taken from the Bilaspur city of Chhattisgarh. Personal interviews and asking related questions have been used in this study to measure the labour welfare schemes. The analysis reveals that the factor analysis has clubbed various issues relating to labour welfare schemes into seven factors. These are: compensation facilities, education, housing, better working environment, stability of work force, medical aid and provision of cooperative societies. The real estate sectors should provide these facilities to workers. It has been observed that the workers do not need only monetary benefits but non-monetary also. It has been due to increase in awareness among workers. In order to maintain better relations and stability in the real estate sector, these types of welfare facilities can go a long way in improving efficiency in the organizations. Keeping in view the perceptions of workers towards labour welfare schemes the real estate sector should focus on these measures in an effective manner.*

*Keywords: Labour's Satisfaction, Welfare, Compensation facility, Cooperative societies, labour welfare schemes.*

## 1. INTRODUCTION

The improvement of labour welfare schemes and increasing productivity with reasonable level of social security is one of the prime objectives concerning social and economic policy of the Government. The resources have been directed through the Plan programs towards skill formation and development, monitoring of working conditions, creation of industrial harmony through infrastructure for health, industrial relations and insurance against disease, accident and unemployment for the workers and then families. The situation of surplus labour and workers in the unorganized segment of the economy give rise to unhealthy social practices such as bonded labour, child labour and adverse working conditions. Economic development of the country relies on industrialization**.** But industrialization also creates large number of socioeconomic problems like migration of labour from rural to urban areas, disintegration of joint family system, unhealthy working and living conditions, bickering about low wages, social security and personal problems. If all problems are not tackled properly, it will lead to sense of frustration, industrial conflicts, frequent labour absenteeism, inefficiency at work place and ultimately job dissatisfaction. To tackle these problems, the organizations need to handle its human resources in an effective manner. There is a need to provide various types of facilities such as adequate safety measures, canteen facility, better training facilities, medical facilities and adequate financial facilities at the time of need. These facilities in common language are termed as labour facilities. These facilities make the work place more comfortable for the workers. These facilities affect the labour productivity, industrial relations and economic growth of the industry in particular and economy in general. In this paper an attempt has been made to analyze the perceptions of workers towards labour welfare measures in the real estate sector.

### LABOUR WELFARE

Labour welfare schemes aims at providing such service facilities and amenities which enable the workers employed in an organization to perform their work in healthy congenial surrounding conductive to good health and high morale.

Labour welfare schemes is a comprehensive term including various services, benefits and facilities offered by the employer. Through such generous fringe benefits the employer makes life worth living for employees. The welfare schemes amenities are extended in additional to normal wages and other economic rewards available to employees as per the legal provisions.

Welfare schemes may also be provided by the government, trade unions and non government agencies in addition to the employer. "International Labour Organization efforts to make life worth living for workers"

According to the Oxford dictionary "Welfare is fundamentally an attitude of mind on the part of management influencing the method by which management activities are undertaken.

- *To study the existing welfare schemes provided to the labours in real estate sector.*

| Type of benefit | Beneficiary | Eligibility | Benefit amount |
|---|---|---|---|
| Pension | Member | Completion of 60 years | 75-300 |
| Death benefit | Dependent | Death before 60 years | 100,000 |
| Maternity benefit | Women worker | Limited to two deliveries | 500 |
| accident benefit | member | Injury /disability | Up to a maximum o 50,000 |
| Cash award | Children of members | Marks in SSLC (Secondary School leaving certificate) exam | 1,000 750 500 |
| Merit scholarship | Children of members | Student merit | 300-1500 |
| Other credits | Member/ dependent | Treatment/education/marriage | Interest free loans |
| Medical expense | member | Fatal disease | 1000 |
| Immediate assistance for funeral expense | dependent | Death of a member | 1000 |
| Assistance for marriage | Children of members/member | Marriage | 2000-3000 |
| Invalid pension | Member | Permanent disability due to disease/ accident | 75/month |
| Refund of contribution | Member/dependent | Attainment of 60 years/retirement/death | Amount of subscriptions with interest |

- *To find the problem faced by the labors in real estate sector.*

- *To know the labor's opinion about the present welfare schemes in real estate sector.*

- *To know the welfare Measures provided by the real estate sector.*

| Sl.no. | Welfare measures | Satisfied | Unsatisfied |
|---|---|---|---|
| 1 | Special medical aid | 72 | 28 |
| 2 | Medical facilities | 70 | 30 |
| 3 | Drinking water | 70 | 30 |
| 4 | Retirement benefits | 20 | 80 |
| 5 | Canteen | 65 | 35 |
| 6 | Rest and lunch room | 40 | 60 |
| 7 | Facilities for children education | 40 | 60 |
| 8 | Housing facilities | 30 | 70 |
| 9 | Transportation benefits | 35 | 65 |
| 10 | Supply of uniforms and shoes | 30 | 70 |

## SIGNIFICANCE OF THE STUDY
Labour welfare has got a lot of significance with Public Sector, Private Sector and also Multinational Companies. Labour welfare activities in an industrialized society has far reaching impact not only on the work force but also on all facets of human resources. Labour welfare includes all such activities which not only secure existential necessities but also ensures improvement in the spiritual, emotional and other aspects of a worker. The aspect of labour welfare Requires an honest and serious approach that money and environment given to employees never go waste. A happy employee is a productive employee. A study on labour welfare schemes is an effort to be perfected in the art of managing people and in these days the most important management is peoples Management. Welfare schemes should be regarded as a wise investment which should and usually does bring a profitable return in the form of greater Efficiency. The basic propose of employee Health, safety and welfare are the measures of promoting the efficiency of employee. The various welfare schemes provided by the employer will have immediate impact on the health, physical and mental efficiency, alertness, morale and overall efficiency of the worker and thereby contributing to the higher productivity. The basic propose of employee Health, safety and welfare are the measures of promoting the efficiency of employee. Welfare schemes is to enrich the life of employees and to keep them happy and conducted. Welfare

schemes may be both statutory and non-statutory; laws require the employer to extend certain benefits to employees in addition to wages or salaries. In the present study an attempt has been made to study the employee welfare schemes and its impact on employees efficiency at real estate sector of Bilaspur district. The study show the Employees welfare schemes and its impact on employees efficiency at real estate sector of Bilaspur district. It can be conclude that the employee welfare facilities provided by the companies and government to employees are satisfied and it is commendable, but still of scope is there for further improvement. So that efficiency, effectiveness and productivity can be enhanced to accomplish the organizational goals.

## NEED OF THE STUDY

Today labour welfare sachems are becoming a need in every real estate sector. Employees have to be kept motivated at all times through various measure and activities. This strengthens their sense of belongingness and responsibility towards the real estate sector in Bilaspur. In this background study is selected to know the welfare benefits provided by real estate Sector in Bilaspur.

- **From worker's point of view**: - Welfare measures must eliminate risk and insecurity. The organization besides providing fair wages must also provide facilities like medical aid, crèches, subsidized food and transport required by workers

- **From employer's point of view:** - Employers provide facilities to raise the employee's morale. Welfare helps built a positive image of the organization and makes it easier for them to attract and hire competent personnel.

- **From union's point of view:** - Trade union's role in labor welfare stems from workers' need for welfare services. Unions feel that welfare services ought to be provided either by the government or the employers

## REVIEW OF LITERATURE

**Report of National Commission on Labour (2002)**, Government of India, made recommendations in the area of labour welfare measures which include social security, extending the application of the Provident Fund, gratuity and unemployment insurance etc.

**N. K. Jetli (2004)1 –** Labour reforms in India, in the context of globalization, are much desired, but also feared and misinterpreted. The issue has been a touchy one ever since the liberalization era began in the early 1990s. Labour reforms are a very sensitive subject in the Indian context, given the ground realities of poverty, illiteracy, diseases, deprivation, exploitation, and per capita income. Labour market reforms involve institutional innovation. Hasty attempts to reform the legal framework without creating Institutions appropriate for a new regulatory regime will create anarchic conditions in the labour market. A programme of labour policy reform has to be formulated with these considerations in view. This hook examines the whole gamut of labour issues in the context of economic liberalization underway in India.

**C. P. John (2004)2 -**The majority of Welfare Funds in the State expends a large chunk of their incomes as establishment charges. It means that a sizeable proportion of the savings of the informal sector workers is used to finance the salaries and perquisites of formal sector workers in government service. Higher costs of administration raise basic questions about the basic purpose of running Welfare Funds. A solution to this problem rests as indicated earlier on establishment of a unified and common administrative body to manage all the Welfare Funds; the danger imminent in such a solution has in the development of a monolithic bureaucratic structure. With regard to Government contributions and workers' contributions to the Welfare Funds, there exist no well-stated principles; therefore, out of the 19 Welfare Funds formed in the State only 15 get Government contribution. Employers' contributions are also irregular. The coverage ratio of Welfare Funds in Kerala is quite dismal too due to the poor attractiveness of expected benefits. Further, funds mobilized by the majority of Welfare Funds are insufficient to meet their disbursements.

**K. Narindar Jetli (2006)3 -** During the pre-Independence period, industrial relations policy of the British Government was one of laissez faire and also of selective intervention. There were hardly any labour welfare schemes. After independence, labour legislations have formed the basis for industrial relations and social security. These legislations have also provided machinery for bipartite and tripartite consultations for settlement of disputes. This book examines the whole gamut of labour related issues during the post Independence period. The approach to the subject is mainly descriptive, interspersed by comments at places.

**Meenakshi Rajeev (2006)4 -** In order to surpass the stringent labour regulations, the industry sector in India is largely resorting to contract labourers, who are governed by the "Contract Labour Regulation and Abolition Act of 1970".A primary survey carried out in Karnataka reveals that many of the stipulations made in the Act to safeguard contract labourers are not followed in practice. It has also been felt by the workers that collusive

agreement between the labour inspector, the protector of law, and the principal employer (or the contractor) has aided the violation of law. This paper discusses some of the survey findings and formulates a game theoretic model to show why it is economically optimal to collude. It also examines theoretically whether any provision of reward for the labour inspector would help to protect the law.

**Shobha Mishra and Manju Bhagat (2007)5** in their article discuss labour welfare activities in an industrialized society has far reaching impact not only on the work force but also all the facets of human resources. Labour welfare includes all such activities, which not only secures existential necessities but also ensures improvement in spiritual and emotional quotient. It comprises of short term and long terms goal toward building a humane society. As labour welfare is a dynamic concept, changes in its principles activities and the rationale supporting them have not been static. They closely follow the stages of advancement of the industrialized society – from police Theory to Functional Theory. Accordingly principles for successful implementation of labour welfare activities ranges from adequacy of wages to impact on efficiency as well as transformation of personality in nut shell, it is extension of democratic values in an industrialized society.

**Piyali Ghosh, Shefali Nandan and Ashish Gupta (2009)6 -** Trade unions are a major component of the system of modern industrial relations in any nation, each having, in their constitution, their own set of objectives or goals to achieve. Change in the political, social and educational environment has seen them rechristened as a forum that protects and furthers workers' interests and improves the quality of life of workers, enlarging their traditional roles of establishing terms and conditions of employment. This paper focuses on plant level trade unions, particularly those of the National Thermal Power Corporation (NTPC) Unchahar plant, one of the largest and best Public Sector Undertakings of India. This exploratory study of the different trade unions operational at the Unchahar plant will also highlight their ideologies, objectives and structures. We aim to capture the changing paradigms in the roles of plant-level unions: from maintaining good industrial relations, once considered their primary role, they now work actively to improve the quality of life of workers, a role earlier considered to be secondary.

**Indian Labour Year Book (2009- 2010)7 -** In this 58th issue of Indian Labour Year Book covering developments in the labour-related areas 12 subjects are being covered, viz., Employment and Training, Wages and Earnings, Family Income and Expenditure Surveys and Consumer Price Index Numbers, Industrial Relations, Labour Welfare, Industrial Housing, Health and Safety, Labour Administration, Labour Legislation, Agricultural /Rural Labour, India and the International Labour Organisation. Besides, it also contains list of important labour Acts (Central and State), Conventions & Recommendations adopted by the International Labour Conference as well as those ratified by India, list of various journals of labour interest published in India, a bibliography of the publication of various organizations, departments, ministries and autonomous bodies in the field of labour and a brief account of the content and titles of various publications of Labour Bureau. This Issue also dwells on the various welfare programmes and policies of the government launched and implemented for the welfare of labour class in terms of health, education, employment, housing, social security and other incidental benefits.

**Deb Tapomoy (2010)8 -** Sixty years have passed since India gained its independence, but it is still a large agrarian economy with 3/5'h of workforce employed in agriculture and produces about l/4th of gross domestic product (GDP). Since the liberalization of Indian economy, the reform in respect of labour has been the slowest. Labour legislation on working conditions needs to be equitable, more responsive and more inclusive and which facilitates in making Indian firms more competitive. The challenge is of combining greater flexibility with the need to maximize security for all particularly labour.

**Sabarirajan, T.Meharajan, B.Arun (2010)9 –** The Cotton Textile plays a vital role in human life. Textile industries are one of the important industries of India for earning Foreign Exchange and giving employment to lakhs of workers .Because of being a highly labor intensive industry it needs to concentrate more in the area of employee welfare. In this study we selected Salem District in Tamil Nadu, India for identifying various methods and also to identify the effectiveness of the methods. The study shows that 15% of the employees are highly satisfied with their welfare measures. 22 % of the employees are satisfied with their welfare measures.39 % of the employees is average with their welfare measures. 16% of them are in highly dissatisfied level. Welfare measures plays important role in employee satisfaction and it results in improved quality of work life. This study throws light on the impact of welfare measures on QWL among the employees of textile mills in Salam district.

**P. Swapna and N. Samuyelu (2011)10 -** India being a welfare state wedded to the philosophy of socialistic pattern of society, it is imperative to have a contended workforce, enjoying a reasonable standard of living with

adequate facilities and provisions for the well being of them. The absence of any comprehensive study in the area of welfare and social protection of workers in the study area of Andhra Pradesh and the growing employment opportunities thrown by the fast expanding private corporations in this region have encouraged the present study by me. It is evident for the literature that many efforts have been made to study to the various aspects of welfare and social security of labour in different wings of Singareni Collieries Company limited. The present study tries to make a comparison on the provisions and implementation of the overall benefits of the workers in different wings of the same company and by giving the overall welfare activities of the company.

**K. Mariappan (2011)11 –** As in other developing countries, unemployment is a serious problem of the Indian Economy. The poverty of the masses in India is closely related to the problem of unemployment. Hence, expansion of employment opportunities has been an important objective of development planning in India. There has been a significant growth in employment during successive Five Year Plans. However, a relatively higher growth of population and labour force has led to an increase in the volume of unemployment from one plan period to another. This book provides a comprehensive account of employment and labour related policies and issues in India. It covers the following areas- Demographic trends, Unemployment estimates, Employment policies and programmes, Labour laws, Social security, Unorganized sector workers, agricultural workers and forced /bonded labourers, women workers, child labour, industrial sickness, industrial relations and Indian labour in relation to ILO, WTO and globalization.

**Josephine Moeti-Lysson and Rudolph L. Boy (2011)12 -** The research views of different employees in small and medium enterprises about what can be done to improve the health and safety in work places. From the findings, it shows that when good health and safety practices are not put in place, accidents ,major and minor injuries can happen, and it is what most of the employees in other companies have so far experienced. This implies that if health and safety is not managed effectively, both the two parties being employees and the organization would suffer because for the organization to function effectively, it needs employees and for the people to survive, they need to work.

**Bhavani and Thamil Selvan Labour Welfare Measures (2011)13 –** India has liberalized its economic policies in 1991, it has positively responded and now India is considered as one of the dynamic emerging nations. Recently the World Bank forecasts that by 2020, India could become the fourth largest economy in the world. The liberalized economic policies provide tremendous opportunity for the foreign companies to star business in India. This leads to increased level of competition and put pressure on domestic companies human resource functions. To survive and prosper, in this toughest competitive environment, they have to prepare and develop their employees to compete with overseas organizations in skills, efficiency and effectiveness. The adequate welfare measures will enhance the healthy industrial relations in the organizations.

**Third Annual Report to the People on Employment (2012)14 -** The report notes that in order to tackle youth unemployment, both demand and supply side issues need *to* be addressed in a coherent manner. Educational attainment and skill training can create an effective labour supply, but it will become meaningful only in an overall growth promoting environment. With the Government bunching a number of innovative schemes to empower the young work force, the primary challenge lies in the effective implementation of the schemes at the grass root level with active part participation from the stakeholders concerned.

**M.Rama Satyanarayana and R.Jayaprakash Reddy (2012)15 -** The study is undertaken by the authors to know the satisfaction levels of employees about labour welfare measures in KCP limited. The results of the research reveal that majority of the employees are satisfied with all the welfare measures provided by the organization. The overall satisfaction levels of employees about welfare measures in the organization cover under study are satisfactory. However, a few are not satisfied with welfare measures provided by the organization. It is suggested that the existing welfare measures may be improved further. Such welfare measures enrich the employees' standard of living and their satisfaction levels.

**P. Venugopal , T. Bhaskar, P. Usha (2011)16 –** Human Resources play a very important role in the development of the business. They constitute the organization at all levels and are regarded as a dynamic factor of production. In order to get best results from the employees, management must be aware of what employees expect from their employees. It is for the management to see that the workers get economic, social and individual satisfaction, employee welfare activities are undertaken. The Study on "employee welfare measures" is conducted with the main objective of evaluating the effectiveness of welfare measures in industrial sector and to suggest measures to make existing welfare measures much more effective and comprehensive so that the benefits of the employees will be increased. The concept of 'employee welfare' is flexible and elastic and differs widely with time, region, industry, social values and customs, degree of industrialization, the general

economic development of the people and political ideologies prevailing at a particular time, it is also melded according to the age – group, sex, socio - cultural background, marital and economic status and educational level of the employee in various industries. In the 'broader sense', employee welfare may include not only the minimum standard of hygiene and safety laid down in general employee legislation, but also such aspects of working life as social insurance schemes, measures for the protection of women, limitation of hours of work, paid vacation, etc. In the 'narrow sense', welfare in addition to general physical working conditions is mainly concerned with the day – to – day problems of the employees and social relationships at the place of work.

**Soumi Rai (2012)17 -** This study addresses gaps in research related to study and understanding of Human Resource Management in the context of Indian Automobile sector. The review is based on the available and published literature in journals of reputation and academic standing. A total of 138 papers were reviewed related to the general context of Human Resource Management practices. Of these, about 65 papers were found relevant and relating to understanding of HRM practices in India specifically in the context of the industrial sector. The timeline for literature review has been taken from 1970 – 2010, as it encompasses the period of industrialization in India, growth of HRM and major transition across Indian industrial sector post economic liberalization – 1991.

**Jebamalairaja1, R. Pichumani (2012)18 -** The concept of 'labour welfare' is dynamic. It bears a different interpretation from country to country and from time to time. Different factors like value system, social institutions, degree of industrialization and the general level of social and economic development obtaining in a country at a particular time determine the contents of labour welfare. But broadly speaking, labour welfare should meet the necessary requirements of labour. Labour welfare measures enable workers to live a richer and a more satisfactory life and it contribute to the productivity of labour and efficiency of the enterprise. It also enhances the standard of living of workers by indirectly reducing the burden on their purse. It also promotes harmony with similar Service obtaining in the neighborhood community where the enterprise is situated. It is based on an intelligent prediction of the future needs of industrial workers, and be so designed as to offer a cushion to absorb the shock of industrialization and Urbanization to workers. Labour welfare measures are grossly inadequate in India when compare to international standards.

**R. Sanjeevi (2012)19 -** The role of trade unions in resolving the problems facing the country. These are political issues and a trade union is a non-political body fighting only for benefit of the employees. In contrast to the majority of the responses, however, indicates a willingness to postpone or even to set aside the goal of higher wages and facilities for their members the use of trade unions as interest groups in favor of educating the general public for radical social transformation. They would like to utilize the unions for raising production rather than achieving the narrower ends of employed workers. The trade-union functionaries in the given region consider themselves as agents of social change.

**K. B. Ravindra (2013)20** - Labour welfare and social security has got a lot of significance with Public Sector, Private Sector and also Multinational Companies. Labour welfare activities in an industrialized society have far-reaching impact not only on the work force but also on all facets of human resources. Labour welfare includes all such activities which not only secure existential necessities but also ensures improvement in the spiritual, emotional and other aspects of a worker. The aspect of labour welfare requires an honest and serious approach that money and environment given to employees never go waste. A happy employee is a productive employee. A study on labour welfare and social security is an effort to be perfected in the art of managing people and in these days the most important management is people's management. Welfare schemes should be regarded as a wise investment which should and usually does bring a profitable return in the form of greater efficiency. The study provides a detailed insight in to the various aspects of labour welfare and social security in Indian Industries

**OBJECTIVE OF THE STUDY**

- To study the existing welfare schemes provided to the labours in real estate sector.

- To find the problem faced by the labours in real estate sector.

- To give certain suggestions based on findings for improvement in the labour welfare.

- To suggest the measures and to reduce the problems in real estate sector.

- To know the labour's opinion about the present welfare schemes in real estate sector.

- To know the welfare Measures provided by the real estate sector.

## RESEARCH METHODOLOGY

Exploratory research design is used for the purpose of the current study. Labour welfare practices have not been researched in Bilaspur city although this field has gained a lot of attention in the international context. Hence the basic understanding of this field is not very clear. To have a better understanding of the problems of labour welfare practices; current research study is based on primary and secondary sources of data and hence exploratory research design is the most suitable way of researching the current field. The focus of this study is to discover why the city is lagging behind in the implemented good labour welfare practices.

The secondary data is collected from the various research books, Reports of International; National Labour Organization, Government Report, Published or unpublished sources, Journals, Magazines, News Papers, etc. The research could not have been facilitated with the help of quantitative number churning method, hence qualitative research as a methodology was used for the current research. Qualitative research helped in understanding the context of all the types of labour welfare practices. Qualitative methodology also helped in understanding the complex relationship between the owner, union and workers in the concerned region.

## STUDY OF FINDINGS AND CONCLUSION

For centuries, labour was not considered an important segment of society. The labour force in India had hardly any effective organization, and the philanthropists only advocated a humanitarian approach for providing the labour with better living and working conditions. With the advent of industrial revolution in India, the migration of rural population to the urban centres and the industrial belts caused socio-economic problems for thousands of persons having been uprooted from the rural moorings. The industrial workers needed welfare services to be provided to them in their surroundings, so as to enable them to adapt themselves to the changed environments. The workers there after started considering the provisions of welfare amenities, either as a matter of right, or as an integral part of service conditions. In the present study, review of the labour welfare schemes of the real estate sector has been made and the perception of the employees has been examined. Majority of the sample employees are dissatisfied against the Labour welfare measures. The respondents have problems with the labour welfare schemes and suggest measures like quality first aid appliances, facilities for training and education, adequate leave travel allowance, facilities for career advancement, adequate social security measures, maintenance of rest and lunch room, measures for control and reduction of stress, improving the standard of the canteen, adequate sports and recreational facilities, reasonable benefits for dependants, and adequate production incentives to improve the standard of labour welfare schemes in the select real eastate sector. If this study provokes the people concerned to take some positive measures in order to improve the standard of labour welfare schemes, the researcher will feel amply rewarded.

## FINDINGS

Labour welfare schemes help in increasing the productivity of real estate sector as these influence the attitude of the workers. Increase in productivity to a large extent depends upon the constructive role and attitude of workers in the production process. The objective of profit maximization which is the ultimate objective of real estate sector may be achieved only with the contribution of workers in the form of enhanced labour productivity. It is noteworthy that the desired objective of enhanced labour productivity may not be achieved unless some other incentives apart from money wages are also offered. Labour welfare schemes may be extramural or intra-mural or statutory and non-statutory. These may be undertaken by the employers, Government, trade unions or voluntary organizations. The happiness and the efficiency of workers are the indicators of the prosperity of real estate sector which is the end result of enhanced productivity. Neglecting the workers is just like neglecting the productivity. Undoubtedly it may be put that labour welfare schemes can be the only relief to the laboring class. Labour welfare schemes exert positive impact on productivity resulting in increase in profitability in real estate sector.

## POSSIBLE LIMITATIONS OF THE STUDY

- The data was collected during the working hours, labours were busy in their work so they were less responsive.

- Inadequacy of time was a major limiting factor faced by researchers.

- The result depends on the answers received from labours which may be biased.

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# IMPACT OF EXCHANGE RATE ON STOCK PRICE OF FINANCIAL SECTOR

**Md. Sharif Hossain**

Student, Department of Commerce, Goa University, Goa

## ABSTRACT

*Stock exchange is mirror image of countries economic condition. A well economic background of a country can run a perfect stock exchange. This study is talking about impact of exchange rate on stock price of banking and non-banking financial institute stock price. Five years daily stock price and exchange rate has been used for establishing the purpose. The study had gone through various tests to come up with some conclusion i.e: unit root, co-integration, vector error correction model (VECM) and wald test.  By looking at augmented dickey-fuller (ADF) test on unit root process, it has been found that data is stationary. Error correction term for exchange rate with stock prices is negative (-6.3039, - 1.5195, - 0.9481) and significant at 5%level. Hence it's easy to conclude that in long the error correction is happening at faster rate. And both the variable are moving is same direction. It has also found that there is a short run relationship between exchange rate and bank stock price and insurance stock price.*

*Key words: stock exchange, stock price, exchange rate, unit root, co-integration, VECM, ADF test.*

## INTRODUCTION

Stock has been considered as a reflected image of a countries economic position, In case of Bangladesh it has also the same. This study tried to identify the impact of exchange rate on determination of stock price and also examine the development of stock exchange which would lead the economic development of Bangladesh. In any currency appreciation or depreciation has an effect on share prices in either direction. If the domestic currency value has appreciated export oriented company will suffer losses and imported oriented company will enjoy some extra gain. On the other hand, if the domestic currency value has depreciated export oriented company will enjoy some extra gain and import oriented firm will suffer losses. These gain or loss is called conversional gain or loss. Naturally, these two industries share price are expected to get hurt. Present study tries to find out the impact of exchange rate to determine stock price of banking and non-banking financial institutions. The reason of choosing these sectors is that they are directly and indirectly related to the entire industry. The exchange rate is a key relative price. It has an important role in allocation and economic transformation, especially in developing countries like Bangladesh. In macroeconomics, the exchange rate measures trade competitiveness on economic performance ( (Álvaro Aguirre & César Calderón , 2005); (Caballero, Ricardo J. & Corbo, Vittorio, 1989) This object speaks two key issues, (1) whether the exchange rate of the taka against dollar has any co-integrating relation with stock price of specific sector. (2) How the variable moving in short run and long run.

## LITERATURE REVIEW

(Jorion, 1991) This study examines the pricing of exchange rate risk in the U.S. stock market, by using factor and multi-factor arbitrage pricing. Evidence is presented that the relation between stock returns and the value of the dollar differs systematically across industries. The empirical results, however, does not suggest that exchange risk has priced in the stock market. The unconditional risk premium attached to foreign currency exposure appears be small and never significant. As a result, active hedging policies by financial managers cannot affect the cost of capital, and other reasons must explain why firms decide hedge. For the purpose of analyzing the sample was collected during the period 1971 – 1987.

(Dimitrova, 2005) Examined the relationship between stock market and exchange rate fluctuations in either market. The paper analyze in the short run, an upward trend in the stock market may cause currency depreciation, whereas weak currency may cause decline in price of stock market. To test these assertions, that paper had used a multivariate, open-economy, short-run model that allows for simultaneous equilibrium in the goods, money, foreign exchange and stock markets in two-countries.

(Abdul Rashid & Fazal Husain, 2010) Published a review named Capital Inflows, Inflation and Exchange Rate Volatility An Investigation for Linear and Nonlinear Causal Linkages on that study, tried to investigate the effects of capital inflows on domestic price level, monetary expansion and exchange rate volatility. To proceed with that, linear and nonlinear co-integration and Granger causality tests were applied in a bi-variate as well as in multivariate framework. The made an attempted to analysis that there has a significant inflationary impact of capital inflows, in particular during of 2000 to 2007. The finding suggest that there is a need to manage the

capital inflows in such a way that they should neither create an inflationary pressure in the economy nor fuel the exchange rate volatility.

(Dewan, 2012) Showed the Effects of Interest Rate and Exchange Rate on Volatility of Market Index at Dhaka Stock Exchange. The study analyzed the effects of the exchange rates and interest rates on stock market performance by using monthly time series data for the economy of Bangladesh, over the period of 1997 to 2010. The study had used econometric techniques of measuring the long and short term relationship between variables using the concept of Co-integration and Error Correction Model and analysis of Variance Decomposition. Causal relationships have been investigated using Granger causality test.

## OBJECTIVES OF THE REPORT
The present study aims to find out the impact of dollar exchange rate against Bangladesh Taka (BDT) in the stock market price fluctuation.

## METHODOLOGY OF THE STUDY
To show the impact of exchange rate on stock price this study have used daily exchange rate of USD against BDT for the period of 2012 to 2016 collected from Dhaka stock exchange and Bangladesh bank website. Financial institutions and corporations as well as individual investors and researchers often use financial time series data such as asset prices, exchange rates, GDP, inflation and other macroeconomic indicators in economic forecasts, stock market analysis or studies of the data itself. Here in this study used daily data of exchange rate to show the share price fluctuation.

The data which has been used in this study is time series in nature and it is characterized by unit root process. i.e. stationary and non-stationary. Regression of non-stationary variable may leads to a spurious result (khan M. saidjada., Hossain M. Sakhawat., Rahman M. Habibour., 2012). To check the stationary of the data Augmented Dickey-fuller (ADF) test had used. ADF test is most famous test for unit root test in variable.

Before going to test co-integration, the following question has to answer, Does the variable has integrated at same order or at level? If the answer is YES then the study can proceed for johansen co-integration test. If both the trace and maximum eigenvalue test suggest at least one co-integration variable than its easy to say that there is existence of long run relationship among the variable. So by using this relationship it can head to Vector Error Correction (VEC) Model which will explain how fast the variables are come in equilibrium in long run. To find out the short-run relationship among the variable wald test has to carried out.

## ANALYSIS
### Unit Root Test
Non-stationary is a commonly observed problem with time-series. It stems from the fact that the time series is not independent of time. When a variable is not stationary, its mean and variance are not constant over time, and an observation is correlated with its more recent lags. Non stationary time series will necessarily contain permanent shock components. Therefore cannot identify long run mean and variance.

$H_0$- There is presence of unit root in the series.

$H_1$- There is no unit root in the series.

A number of studies, including a few reviewed earlier, found the data to be non-stationary of unit root one (I), which means that the value of the variable for the current period is correlated with the value of the variable in the previous period. To check for non-stationary, Augmented Dickey-Fuller (ADF) test is used.

**Table: Unit Root Test Result**

| Significance Level | 1% Level | 5% Level | 10 % Level |
|---|---|---|---|
| Critical Value | -3.435673 | -2.863778 | -2.568012 |
| Name | T-Stat | Probability | Conclusion |
| Bank | -19.38848 | 0.0000 | Stationary |
| Insurance | -31.38666 | 0.0000 | Stationary |
| NBFI | -33.62649 | 0.0001 | Stationary |
| USD | -9.409814 | 0.0000 | Stationary |

Source: Author's analysis

Summarization of the test results for unit root (I), at the 5% significance level. Since the ADF test statistic is much lower than all of the critical values it is easier to reject Ho at a significance level <5%. So it is easy to conclude, with a very low probability of making an error that my time series has no unit root. So, this study reject null hypothesis.

The values of ρ are being considered closer to 0 than to the endpoints of the interval [-1, 1]. Also, all Durbin-Watson statistics are closer to a value of 2 than to any endpoint in the interval for d, [0, 4]. Overall, it is proved that the OLS model does not suffer from any autocorrelation problem.

## JOHANSEN CO-INTEGRATION

As it mentioned earlier, this paper considers USD and stock price of banking and non-banking financial institute as variable. By considering the said variable as level it suggest two co-integrating equation by using four lags. Before selecting lag length Vector Auto-regression (VAR) model has used for selecting lag length Appindex.

Table: Co-integration result of trace statistics and max-eigen value

| Hypothesized No. of CE(s) | Trace Statistic | Probability | Max-Eigen Statistic | Probability |
|---|---|---|---|---|
| None * | 81.25553 | 0.0000 | 47.98986 | 0.0000 |
| At most 1 * | 33.26567 | 0.0192 | 19.94444 | 0.0726 |
| At most 2 * | 13.32123 | 0.1035 | 11.15075 | 0.1468 |
| At most 3 * | 2.170482 | 0.1407 | 2.170482 | 0.1407 |

Source: Author's analysis.

Trace test indicates 2 co-integrating equations at the 0.05 level

Max-eigenvalue test indicates 1 co-integrating equations at the 0.05 level

VAR model had run the model with one, two and four lags. After running the model it was found AIC gives the lowest value which is (9.867337) at four lags. "Lower the AIC better the model" based on this theory this study selected optimal lag length four. Johansen and Juselius (1990) suggest that the maximum eigenvalue test gives better results. Enders (2010:392) argues that when the results conflict, the maximum eigenvalue test is usually preferred for its ability to pin down the number of co-integrating vectors. Here in my study there is no conflict of getting the co-integrating equation. Both the trace statistics suggested two co-integrating equation and maximum eigenvalue suggest one co-integrating equation among the four variables, indicating the existence of the long-run relationship in the system. So Vector Error Correction (VECM) model requires to run for greater understanding of the short-run changing aspects in the system.

## VECTOR ERROR CORRECTION MODEL (VECM)

VECM guesses for stock price changes of banking, insurance and non-banking financial institute partially depending upon exchange rate in Bangladesh (detail result shown Appendix). The Co-integrating equation shows a long-run significant positive relationship between Dollar exchange rate and bank stock prices, same effect has been found between USD and Insurance companies stock prices, Negative relationship has been found between USD Exchange rate and Non-banking financial institute company's stock price and as well as insignificant. However, in all the cases coefficient were significant at the 5 percent level. The coefficient of error correction term on the regression with natural logarithm of Stock Price Index is significant, suggesting the adjustment nature of stock prices if the long-run equilibrium relationship is shocked. To get the long run relationship Error term should be negative and significant. All the cases of my dependent variable error correction term is negative (-6.3039, - 1.5195, - 0.9481) and it also found this value is significant at 5% significant level, which means that error correction is happening at speedier rate, which is good.

$$\Delta \ln Bank = 0.000028C^* - 6.3039EC^* + 1.8253\Delta \ln USD_{t-1} + 0.2525\Delta \ln USD_{t-2}$$

$$(0.0035) \quad (0.1867) \quad (7.0883) \quad (7.0969)$$

$$+ 0.71956\Delta \ln Bank_{t-1}^* \quad + 0.2364\Delta \ln Bank_{t-2}^*$$

$$(0.0283) \quad (0.0540)$$

(Values in parenthesis are the standard errors of the coefficients and * denote significant variables)

The other variables which are significant have to be estimated by using the Wald Test which helps to determine the joint short run impact of the variables on the dependent variable.

The wald test is run for bank stock price including the variables which are significant in the VECM equation i.e the $\Delta \ln Bank_{t-1}$, $\Delta \ln Bank_{t-2,}$ $\Delta \ln USD_{t-1}$, $\Delta USD_{t-2}$

**H$_0$: There is no significant impact of the variable jointly on the lnBank.**

**H$_1$: There is significant impact of the variable jointly on the lnBank.**

| Test statistics | Value | DF | Probability |
|---|---|---|---|
| F-statistic | 219.6182 | (1, 1180) | 0.0000 |

The probability value of F-statistic is less than 0.05 hence we reject the null hypothesis

The above test stated that the significant variables from VECM equation have a significant short run impact on the lnBank.

$$\Delta lnInsurance = 0.000046C^* - 1.5195EC^* + 13.6609\ \Delta lnUSD_{t-1*} + 6.2025\ \Delta lnUSD_{t-2}$$

$$(0.00256) \qquad (0.0629) \qquad (5.0969) \qquad (5.1144)$$

$$+\ 0.1786\Delta ln\ INS_{t-1}^* \qquad +\ 0.04511\Delta ln\ INS_{t-2}$$

$$(0.0482) \qquad (0.0290)$$

(Values in parenthesis are the standard errors of the coefficients and * denote significant variables)

The wald for stock price of insurance companies had run including the variables which are significant in the VECM equation i.e the $\Delta lnInsurance_{t-1}$, $\Delta lnInsurance_{t-2}$ $\Delta lnUSD_{t-1}$, $\Delta USD_{t-2}$

**$H_0$: There is no significant impact of the variable jointly on the lnInsurance.**

**$H_1$: There is significant impact of the variable jointly on the lnInsurance**.

| Test statistics | Value | Df | Probability |
|---|---|---|---|
| F-statistic | 163.0458 | (1, 1180) | 0.0000 |

The probability value of F-statistic is less than 0.05 hence we reject the null hypothesis

The above test stated that the significant variables from **VECM** equation have a significant short run impact on the **lnInsurance**.

$$\Delta ln\ NBFI = -0.000013C - 0.9481EC^* - 0.9403\ \Delta lnUSDt-1 - 0.1147\ \Delta lnUSDt-2$$

$$(0.00105) \qquad (0.0495) \qquad (2.0869) \qquad (2.0889)$$

$$-\ 0.0288\Delta ln\ NBFI\ t-1 \qquad +\ 0.0203\Delta ln\ NBFI\ t-2$$

$$(0.0406) \qquad (0.0291)$$

(Values in parenthesis are the standard errors of the coefficients and * denote significant variables)

The wald for stock price of Non-banking Financial Institutions NBFI's were not possible as it was not showing any significant value in the variable.

## CONCLUSION

Since 2009 Bangladesh is having a political stability. So one of the main reasons why the market has growing up can be due to sustaining political stability in the country. In this study 5 years of daily exchange rate and stock price have been used to find out the casual relationship of price movement. It was found stock price of banking, insurance and non-banking financial corporations have long run association with exchange rate. Error correction term for exchange rate with stock prices is negative (-6.3039, - 1.5195, - 0.9481) and significant at 5% level. Hence it's easy to conclude that in long the error correction is happening at faster rate. And both the variable are moving is same direction.

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**Appendix**
**Lag Length Selection Using VAR**

| Name | Value |
|---|---|
| Akaike information criterion at lag 1 | 10.52189 |
| Akaike information criterion at lag 2 | 9.956861 |
| Akaike information criterion at lag 4 | 9.867337 |

**Vector Error Correction Model**

**Bank**

| Cointegrating Eq: | CointEq1 | |
|---|---|---|
| LN_BANK(-1) | 1.000000 | |
| LN_USD(-1) | 2.565933 | |
| | (2.94970) | |
| | [ 0.86990] | |
| C | -0.000722 | |
| Error Correction: | D(LN_BANK) | D(LN_USD) |
| CointEq1 | -2.456786 | -0.000194 |
| | (0.07279) | (0.00030) |
| | [-33.7515] | [-0.65697] |
| D(LN_BANK(-1)) | 0.719556 | 0.000165 |
| | (0.05403) | (0.00022) |
| | [ 13.3185] | [ 0.75164] |
| D(LN_BANK(-2)) | 0.236416 | 6.78E-05 |
| | (0.02829) | (0.00011) |
| | [ 8.35798] | [ 0.58965] |
| D(LN_USD(-1)) | 1.825308 | -0.456108 |
| | (7.08833) | (0.02881) |
| | [ 0.25751] | [-15.8290] |
| D(LN_USD(-2)) | 0.252549 | -0.138870 |
| | (7.09688) | (0.02885) |
| | [ 0.03559] | [-4.81364] |
| C | 2.82E-05 | 9.35E-07 |
| | (0.00357) | (1.5E-05) |
| | [ 0.00789] | [ 0.06438] |

**Equation**

| D(LN_BANK) = C(1)*( LN_BANK(-1) + 2.56593284184*LN_USD(-1) - 0.000721537085513 ) + C(2)*D(LN_BANK(-1)) + C(3)*D(LN_BANK(-2)) + C(4)*D(LN_USD(-1)) + C(5)*D(LN_USD(-2)) + C(6) | | | | |
|---|---|---|---|---|
| | **Coefficient** | **Std. Error** | **t-Statistic** | **Prob.** |
| C(1) | -2.456786 | 0.072791 | -33.75146 | 0.0000 |
| C(2) | 0.719556 | 0.054027 | 13.31845 | 0.0000 |
| C(3) | 0.236416 | 0.028286 | 8.357984 | 0.0000 |
| C(4) | 1.825308 | 7.088333 | 0.257509 | 0.7968 |
| C(5) | 0.252549 | 7.096883 | 0.035586 | 0.9716 |
| C(6) | 2.82E-05 | 0.003574 | 0.007891 | 0.9937 |

**Wald Test**

| Test Statistic | Value | Df | Probability |
|---|---|---|---|
| t-statistic | 14.81952 | 1180 | 0.0000 |
| F-statistic | 219.6182 | (1, 1180) | 0.0000 |
| Chi-square | 219.6182 | 1 | 0.0000 |

**Insurance:**

| Cointegrating Eq: | CointEq1 | |
|---|---|---|
| LN_USD(-1) | 1.000000 | |
| LN_INS(-1) | -2.730135 | |
| | (0.11222) | |
| | [-24.3282] | |
| C | 0.003642 | |
| Error Correction: | D(LN_USD) | D(LN_INS) |
| CointEq1 | 0.000281 | 0.556580 |
| | (0.00013) | (0.02306) |
| | [ 2.15548] | [ 24.1356] |
| D(LN_USD(-1)) | -0.461090 | 13.66086 |
| | (0.02883) | (5.09691) |
| | [-15.9916] | [ 2.68023] |
| D(LN_USD(-2)) | -0.140273 | 6.202551 |
| | (0.02893) | (5.11449) |
| | [-4.84825] | [ 1.21274] |
| D(LN_INS(-1)) | 0.000478 | 0.178681 |
| | (0.00027) | (0.04843) |
| | [ 1.74659] | [ 3.68975] |
| D(LN_INS(-2)) | 0.000166 | 0.045108 |
| | (0.00016) | (0.02902) |
| | [ 1.00903] | [ 1.55422] |
| C | 9.40E-07 | 4.66E-06 |
| | (1.4E-05) | (0.00256) |
| | [ 0.06483] | [ 0.00182] |

**Equation**

D(LN_INS) = C(7)*( LN_USD(-1) - 2.73013467085*LN_INS(-1) + 0.00364177428926 ) + C(8)*D(LN_USD(-1)) + C(9)*D(LN_USD(-2)) + C(10)*D(LN_INS(-1)) + C(11)*D(LN_INS(-2)) + C(12)

| | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C(7) | 0.556580 | 0.023061 | 24.13556 | 0.0000 |
| C(8) | 13.66086 | 5.096905 | 2.680227 | 0.0075 |
| C(9) | 6.202551 | 5.114488 | 1.212741 | 0.2255 |
| C(10) | 0.178681 | 0.048426 | 3.689752 | 0.0002 |
| C(11) | 0.045108 | 0.029023 | 1.554223 | 0.1204 |
| C(12) | 4.66E-06 | 0.002563 | 0.001819 | 0.9985 |

**Wald Test:**

| Test Statistic | Value | df | Probability |
|---|---|---|---|
| t-statistic | -2.643277 | 1180 | 0.0083 |
| F-statistic | 6.986912 | (1, 1180) | 0.0083 |
| Chi-square | 6.986912 | 1 | 0.0082 |

**Non-Banking Financial Institute**

| Cointegrating Eq: | CointEq1 | |
|---|---|---|
| LN_NBFI(-1) | 1.000000 | |
| LN_USD(-1) | 1.096115 | |
| | (2.24714) | |

| | | |
|---|---|---|
| | [ 0.48778] | |
| C | -0.001508 | |
| Error Correction: | D(LN_NBFI) | D(LN_USD) |
| CointEq1 | -0.948064 | 5.43E-05 |
| | (0.04945) | (0.00068) |
| | [-19.1713] | [ 0.07951] |
| D(LN_NBFI(-1)) | -0.028787 | 0.000451 |
| | (0.04064) | (0.00056) |
| | [-0.70827] | [ 0.80341] |
| D(LN_NBFI(-2)) | -0.020329 | 0.000220 |
| | (0.02907) | (0.00040) |
| | [-0.69924] | [ 0.54795] |
| D(LN_USD(-1)) | -0.940256 | -0.456858 |
| | (2.08688) | (0.02884) |
| | [-0.45056] | [-15.8404] |
| D(LN_USD(-2)) | 0.114714 | -0.137866 |
| | (2.08892) | (0.02887) |
| | [ 0.05492] | [-4.77549] |
| C | -1.31E-05 | 9.10E-07 |
| | (0.00105) | (1.5E-05) |
| | [-0.01245] | [ 0.06269] |

**Equation:**

$D(LN\_NBFI) = C(1)*( LN\_NBFI(-1) + 1.09611533228*LN\_USD(-1) - 0.00150841463603 ) + C(2)*D(LN\_NBFI(-1)) + C(3)*D(LN\_NBFI(-2)) + C(4)*D(LN\_USD(-1)) + C(5)*D(LN\_USD(-2)) + C(6)$

| | Coefficient | Std. Error | t-Statistic | Prob. |
|---|---|---|---|---|
| C(1) | -0.948064 | 0.049452 | -19.17135 | 0.0000 |
| C(2) | -0.028787 | 0.040644 | -0.708267 | 0.4789 |
| C(3) | -0.020329 | 0.029073 | -0.699238 | 0.4845 |
| C(4) | -0.940256 | 2.086876 | -0.450557 | 0.6524 |
| C(5) | 0.114714 | 2.088922 | 0.054915 | 0.9562 |
| C(6) | -1.31E-05 | 0.001050 | -0.012453 | 0.9901 |

## ENVIRONMENTAL PROTECTION & SUSTAINABLE DEVELOPMENT IN INDIA: THE ROLE OF LEGAL SUPPORT SYSTEM

**Dr. Diptirekha Mohapatra**
Assistant Professor, P.G. Department of Law, Sambalpur University, Sambalpur

## ABSTRACT
*The corpus of environmental jurisprudence includes the laws that have been created by statutory instruments as well and judicial pronouncements, concerning the varied aspects of environmental protection and sustainable development. Environmental jurisprudence in India has assumed a place of significance by devising important principles geared towards the attainment of environmental protection and justice and thus has attained an independent and holistic identity.*

*The protection of environment is needed for sustainable development. The Industrial pollution, degradation of forests, depletion of ozone layer, the green house gases results in global warming and climate which will have an adverse impact on environment and human health. There is a need for conservation of Biodiversity, protection of wetlands and prevention of environmental pollution, promotion of ecological balance enables sustainable development. There are several provisions provided in Indian Constitution for Protection of environment. There are certain legislations enacted viz. Environment Protection Act, Wildlife Preservation Act, Biodiversity Conservation Act, Water and Air pollution Prevention Acts etc The Judiciary playing a vital role in protection of Environment. Through Judicial Activism the Supreme Court can issue directions under writ Jurisdiction under Article 32 of Indian Constitution.*

*Key Words: Environmental Jurisprudence, Sustainable Development, Judicial Activism*

## INTRODUCTION
The judiciary in India has formulated sustainable development as one of the primary principle. According to Brundtland Report sustainable development means developments which meets the need of the present generations without compromising the capability of future generations to meet their own needs.

Sustainability in development has been a great challenge to human community and a nation with its limited natural resources in the present day industrial development. Degradation of quality of environment has been a matter of great concern of International and regional communities at various International forums like Conventions, declarations and treaties. Post Stockholm development in environmental jurisprudence brings into picture the Indian Constitutional, legislative and judicial commitment in tackling the distressing environmental state of affairs. Various principles have been relied by the judiciary from time to time as a step towards sustainable development. The Public Trust Doctrine holds the environmental resources as a trustee of commons. The Precautionary Principle has been reflected in judicial decisions to evolve developmental approach of sustainable development.[1]

Ecological and economical sustainability are the two integral parts of sustainability. In this regard the environmental jurisprudence which has evolved in the recent past is a result of judicial activism which has given shape to the aspirations of the international community. The adherence to the principle of sustainable development has become constitutional requirement.[2]

In the post-independence period Indian environmental law was mainly restricted to claims of tortuous nature such as nuisance or negligence. There was no environment specific legislation to address the problems of environmental degradation. Most of the scholars trace the growth of Indian environmental jurisprudence to the United Nations Conference on the Human Environment held at Stockholm in 1972.India was a participant to this conference and this conference underlined the need of India and other states to adopt environmental measures which would be essential to deal with the environmental hazards that would be an inevitable consequence of development. In light of India's international obligations arising from the Stockholm Conference, the Forty-Second Amendment to the Indian Constitution in 1976 introduced explicit principles of environmental protection.[3]

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[1] http://www.legalservicesindia.com/article/article/environment-and-sustainable-development-1853-1.html

[2] Ibid.

[3] http://www.lawteacher.net/free-law-essays/constitutional-law/environmental-protection-and-sustainable-development-constitutional-law-essay.php

Prior to 1980s, litigation on India was in its rudimentary form as it could only be initiated by an aggrieved party for the vindication of his/her private interest. However around 1980 a significant change started talking place within the Indian legal framework. This change which can be primarily be attributable to leading personalities such as P.N. Bhagwati and V.R. Krishna Iyer who had a significant impact particularly in determining the path of development of environmental law in India, and this new direction abandoned previous archaic principles and was based on the edifice of social justice.[4]

The judicial activism demonstrated by the courts can be classified into two distinct spheres i.e. procedural and substantive. However the categorization of judicial innovations into procedural and substantive are neither water-tight nor mutually exclusive. [5]

The environmental crisis caused by the indiscriminate quarrying, mining, stone crushing near residential areas has created people agitation against environmental protection. Rural Litigation Entitlement Kendra v. State of U.P. (popularly known as the Doon Vally Case) was the first case of its kind in the country involving the issues relating to the environment and ecological balance which brought into sharp focus the conflict between the economic development, sustainability and protection of environment and the court has emphasized the need for reconciling the conflict between these in the larger interest of the country.[6]

## JUDICIARY ON SUSTAINABILITY AND ENVIRONMENTAL PROTECTION
The protection of environment is needed for sustainable development. The Industrial pollution, degradation of forests, depletion of ozone layer, the green house gases results in global warming and climate which will have an adverse impact on environment and human health. There is a need for conservation of Biodiversity, protection of wetlands and prevention of environmental pollution, promotion of ecological balance enables sustainable development. There are several provisions provided in Indian Constitution for Protection of environment. There are certain legislations enacted viz. Environment Protection Act, Wildlife Preservation Act, Biodiversity Conservation Act, water and Air pollution prevention Acts etc The Judiciary playing a vital role in protection of Environment. Through Judicial Activism the Supreme Court can issue directions under writ Jurisdiction under Article 32 of Indian Constitution.[7]

In the late 1970s, Constitutional courts with an advent of the Public Interest Litigation (PIL),90 dealt with 'environment versus development' controversy, such as development projects, mining and quarrying, litigation concerns big dams, gas leak disaster, hazardous wastes from industries, pollution from animal slaughter houses, protection of wetlands, water pollution, noise pollution, access to environmental information and coastal zone development and protection of livelihood and against environmental degradation. Public Interest Litigation also called as Social Action Litigation and Representative Action Litigation.[8]

In Rural Litigation and Entitlement Kendra v. State of U. P.,[9] the Supreme Court dealt with matters relating to environment and ecological balance. In Sachidanada Pandey v. State of West Bengal,[10] Chinnappa Reddy, J. rendered an elaborate and soul searching exposition of the importance and sanctity of the natural environment. Interestingly, in State of Tamil Nadu v. Abu Kavur Bai,[11] the court has observed that material resources are wide enough to cover not only natural or physical resources but also movable and immovable properties. Property rights of the state is inalienable. Everything of value or use in the material world is material resource and the individual being member of the community his resources are part of those community. In Subhash Kumar v. State of Bihar,[12] Justice Kuldip singh has remarked that "Article 21 includes the right of enjoyment of pollution free water and air for enjoyment of life."

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[4] Ibid.

[5] Ibid.

[6] http://www.legalservicesindia.com/article/article/environment-and-sustainable-development-1853-1.html

[7] http://employmentnews.gov.in/Protection%20of%20Environment%20.pdf

[8] http://shodhganga.inflibnet.ac.in/bitstream/10603/37586/12/12_chapter%206.pdf

[9] AIR 1997 SC 1228

[10] AIR 1987 SC 1109.

[11] AIR 1984 SC 326.

[12] AIR 1978 SC 215 at para. 95

## JUDICIARY ON PRINCIPLES OF ENVIRONMENT PROTECTION

### Absolute Liability Doctrine:[13]

In India, the principle of absolute liability is not a part of traditional environmental jurisprudence. The common law doctrine of strict liability, describe who can initiate proceeding for want of damages. In Rylands v. Fletcher,[14] the Privy Council evolved a principle of strict liability to ensure remedy for the affected persons in view of environmental degradation. There some exceptions were recognised as a ground wherein the polluter might get relief from payment of damages to the victim. Hughes argues that, failure to provide a generally accepted liability remarks the weakness of the judicial system in providing remedy to the affected persons. The doctrine of absolute liability was coined because the enterprise, carrying on the hazardous activities alone had the resource to discover and guard against hazards or dangers as compared to the victim.

### Public Trust Doctrine :[15]

The traditional use of public trust doctrine rests common property like navigation, comers and fishing only. The modern uses of the doctrine covers certain resources like air, sea, waters and the forests have such a great importance to the people as a whole that it would be wholly unjustified to make them a subject of private ownership. The said resources being a gift of nature, they should be made freely available to everyone irrespective of the status in life. In M. C. Metha v. Kamalnath,[16] the Supreme Court held that "…public trust doctrine was founded to protect certain common properties such as rivers, sea-shore, forests and air were held by the government in trusteeship for the free and unimpeded use of general public.. These resources being a gift of nature, have a great importance to the people as a whole should be made freely available to everyone irrespective of the status on life. The state is a trustee of all natural resources and also state has a legal duty to protect them and that the resources were meant for public use and could not be transferred to private ownership..."

### Intergenerational Equity:[17]

Intergenerational Equity is among the newest norms of international environmental law, it can be best understood for sustainable economic development and resource conservation. Inter Generational Equity maintain that the present generation has a moral obligation to manage the earth in a manner that will not jeopardize the aesthetic and economic welfare of the forthcoming generation. In State of Himachal Pradesh v. Ganesh Wood Products,[18] the court recognised the significance of Inter-Generational Equity and held a government's approval is contrary to public interest involved in preserving forest wealth, maintenance of environment and ecology and considerations of sustainable growth and inter-Generational equity. In Dighi Koli Samaj Mumbai (Regd) v. Union of India,[19] the court reiterated the successful environmental policies require many things, the most vital being the support of the common masses and that happens only if there is an ethical commitment to environmental values.Dr. Meenakshi Bharath v. State of Karnataka[20]. After all, the present generation has no right to deplete all the existing forests and leave nothing for the next generation.

### Precautionary Principle:[21]

Amongst the legal elements of the concept of Sustainable Development of UNCED; the precautionary principle has laid down foundation for the contemporary sustainability. The notion of precaution is stemmed with state practice by legislation and application of domestic courts, as state practice.194 In A. P. Pollution Control

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[13] http://shodhganga.inflibnet.ac.in/bitstream/10603/37586/12/12_chapter%206.pdf

[14] (1868) LR 3 HL 330.

[15] http://shodhganga.inflibnet.ac.in/bitstream/10603/37586/12/12_chapter%206.pdf

[16] (2006) 6 SCC 213.

[17] http://shodhganga.inflibnet.ac.in/bitstream/10603/37586/12/12_chapter%206.pdf

[18] AIR 1996 SC 149 at 163.

[19] 2009 (5) Bom. CR 97.

[20] 2012 (4) Kar LJ 248.

[21] http://shodhganga.inflibnet.ac.in/bitstream/10603/37586/12/12_chapter%206.pdf

Case,[22] the court reiterate the significance of the Precautionary Principle. In Narmada Bacho Andolans' case, Chief Justice Anand and Justice Kirpal gave the following findings:[23]

The precautionary principle and the corresponding burden of proof on the person who wants to change the status quo will ordinarily apply in a case of polluting or other project or industry where the extent of damage likely to be inflicted is not known. When there is a statutory uncertainty due to lack of date or material about the extent of damage or pollution likely to be caused then, in order to maintain ecological balance, the burden of proof that the said balance will be maintained must necessarily be the industry or the unit which is likely to cause pollution.

## Polluter Pays Principle:[24]
Polluter Pays Principle makes the polluter liable to pay the costs to remedy the environmental harm caused. This principle is considered to be the most efficient way of allocating costs of pollution prevention and control measures introduced by the public authorities to encourage rationale uses scarce of environmental resources. In Indian Council for Enviro Legal Action v. Union of India[25], compensation and remedial action for loss suffered by citizenry due to pollution. In Research Foundation for Science v. Union of India,[26] compensation under polluter pays principle was granted. In Deepak Nitrite Ltd., v. State of Gujarat,[27]Compensation was awarded for mere violation of norms/rule but only if there is damage to environment. In Vellore Citizens Welfare Forums case,[28] Polluter Pays Principles, a interpreted by the Supreme Court means that the absolute liability to harm to the environment extends not only to compensate to the victims of pollution, but also the cost of restoring the environmental degradation. Remediation of the damage and environment is part of the process of Sustainable Development and therefore polluter is liable not only to pay the cost to the individual users but also to the cost of reversing the damaged ecology.

## CONCLUSION
Judiciary in India is playing a pivotal role in maintaining sustainability and thereby protecting environment by entertaining public interest litigations against environmental pollution and pronouncement of effective orders to control environmental pollution. In the process of adjudication judiciary follows strict principle and imposes heavy fines and awards high compensation against the polluters. But still the environment continues to be polluted in numerous ways and polluters still remains out of clutch of the State due to various reasons some of which are socio-economic and others are administrative. Suggestions and recommendations need to be put forward to handle this.

## SUGGESTIONS
Firstly, the duty of the civil society to create awareness among the people to condemn environmental pollution and benefits of doing so.

Secondly, strict implementation of legislations relating to environmental protection in letter and spirit.

Thirdly, review of existing laws as to their applicability, scope and penalty provisions.

Last but not the least implementation of guidelines of the apex court given from time to time.

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## INTERLACING OF NOSTALGIA, IMAGINATION AND CONVENTION OF REALISM: A STUDY OF TENNESSEE WILLIAMS *THE GLASS MENAGERIE* AS A MEMORY PLAY

**Ms. Mrinalini B Chavan**

Assistant Professor, Department of English, DES's Kirti M. Doongursee College of Arts, Science & Commerce, Mumbai

## ABSTRACT

*"Memory is the diary that we all carry about with us." - Oscar Wilde*

*The Glass Menagerie (1944) by Tennessee Williams examined his prolific work as "memory play" along with ways he used his protagonist Tom Wingfield has declared memory to express and address his own painful conflicts. The use of stage instructions, illumination and music by Williams is described to evoke memory and to make it three-dimensional. A close analysis of The Glass Menagerie explores the various applications of recollection for satisfying desires, resolution of disputes and endurance. Therefore, the objective of this investigation is to build up an exploration of memory in The Glass Menagerie, which is an admirable review of this topic. Every character enters via memory. They feel obsessed by memory chains, which surround their present condition. By using memory as a means to evade reality, Tennessee Williams creates the feeling that his human prototype lives in adverse social, political or economic conditions. The consistency approach and narrative analysis have been used as storytelling tools in this study. The Glass Menagerie identifies the conquest of reality by illusion as a huge and growing aspect of the human condition in its time. The researchers points out that the playwright presents a study of frustration narrated through the narrator-Tom's recollections with truth in the pleasant guise of illusion. As such, the researcher concludes saying that by staging the process of founding a personal myth from the unrelenting power of memory making it a Memory Play.*

*Keywords: nostalgia, memory play, modern psychological theatre, domestic realism*

Presented as a memory play, *The Glass Menagerie* complements the poet's lifelong perception of and fascination with illusion and reality and shows William's notion on the subjectivity of memory. Memory is, in general terms, a repository of the thoughts, perceptions and events of the past. It is rather incomprehensible that people are unable, in fact, to free themselves from the bonds of memory. Much has been written and spoken about the role and value of memory in human life. In the arena of literary philosophy in particular in lived experience, the conflict surrounding memory persists. A cursory look at the English literature suggests that memory is the recurring subject of poetry, drama, novels and other writings. By way of example, S. T. Coleridge's *Rime of the Ancient Mariner*, *David Copperfield* of Charles Dickens, and *the Death of a Salesman* of Arthur Miller are perfect at discussing the concept of memory in literature. It is interesting to note that there are many implications and forms of memory. Many memories such as symmetrical memory, memory habit, declarative memory, episodic memory exist. The episodic memory is the cornerstone in *The Glass Menagerie* by Tennessee Williams. Episodic memory therefore requires some explanation, as it stains the act of Williams' renowned play as the dominant type. The psychologist William Brewer describes this memory as "reviving the incredible memory of the person from a single moment in their history". Christoph Hoerl also notes that the incidents and circumstances which take place in the lives of the human being are episodic memories. And, in one way or another, it borders on the present. Sometimes it's a mighty torrent of something worth remembering and memorable. On other moments, memory upsets and bewilder one's rage, because it gets back hurtful memories of the past individual. Such unwanted memories are thrust upon us, and great efforts are put into avoiding remembering of those experiences.

### The Poetics of Memory and Nostalgia in *The Glass Menagerie*

*The Glass Menagerie* is a memory play, and all the incidents are taken from the memories of Tom Wingfield, the storyteller who is also an artist in the play. The ring is set in a lower-rank apartment building in St. Louis, which reveals the dimly-lit Wingfield resident. A fire escape enters the apartment. Tom sat on the fire escape and talked to the crowd to set the tone. The play will be held in St. Louis in the 1930s. Tom works for his mother and his girlfriend, Laura, in a warehouse to support him. In the final scenes of the play, a gentlemen caller, Tom says. The father of Tom and Laura left the family many years ago, and with one post card that reads "Hello – Goodbye! "Since then, wasn't seen. Tom enters the apartment and the play starts. The thematic music highlights many of the key moments throughout the play. During dinner are the Wingfields. Amanda nags Tom's way of dining and smoking. Tom and Laura, who are courted by several menders of the call, recall her childhood as a southern beauty on Blue Mountain. Tom and Laura let Amanda tell them, and Tom asks her questions like reading from a script. Their stories are threadbare by constant repetition. Amanda is upset when

Laura says that she will never be able to receive a gentlemen call, which seems to be the umpteenth time. Amanda has enrolled Laura in Business College but weeks later Amanda learns that, due to her deteriorating social anxiety, Laura has left school. Laura has been visiting the park and the aquarium on her days alone. Laura also devotes a lot of her time to taking care of her glass menagerie, a glass figures collection. Amanda is disappointed, but changes course quickly, decide that the best chance for Laura is to find the right man for marriage. Laura tells Amanda about Jim, a boy she had a high school crush on. Amanda begins by selling subscriptions to a women's glamour magazine to raise extra money for the family. In his work and in his family, Tom, who feels stifled, writes poetry while in the warehouse. He escapes through videos, drinks and literature at night through the bedroom. Tom and Amanda disagree bitterly, arguing that they have to suffer for the good of the family, they do not respect his privacy. Tom accidentally shatters some of the precious glazed animals of Laura in a especially excited reason, dispatched by Tom's documents coming from the typewriter.

Early one morning, Tom stumbles back and asks Laura a trick of magic about a guy who saves a closed-up cafe. Tom sees the trick as his life's sign. Tom and Amanda ultimately reconcile because of Laura's pleadings and gentle influence. They are united by Laura's worry. Amanda urges Tom not to leave his husband's family. She asks Laura to look at his warehouse for a potential supporter. After a few months, Tom takes back home his friend Jim O'Connor, whose name Tom is "Shakespeare," whom he met at high school. Amanda is overjoyed and plunged into planning to put the light into the bedroom to turn Laura into a new dress. When Laura first looks at Jim and discovers that her high school love is her, she becomes terrified. Amanda emerges from her youth in the gaudy, frilly, girl's garment and has a thick Southern accent, as if she was calling the gentleman. Laura has the entire scene to overcome that, instead of lying on the sofa in the living area, she refuses to join the table. Tom has paid his fee for leaving the merchant marines after dinner, as the light at the apartment will not disappear, as Tom understands but not Laura and Jim. Amanda heats up the torches, and Jim ties Laura to the dining room with torches. In Jim's softly motivating service, Laura gradually warms up and relaxes. Laura tells Jim that at high school they met each other and named her "Blue Roses," a mispronunciation of their childhood pleurosis attack. Jim says Laura needs to conquer her complex of inferiority with confidence. Laura displays her glass set to Jim, encouraging him to keep her beloved glass unicorn. They continue to dance to a waltz from across the street. Yet Jim tips down the unicorn and fractures his horn as they dance. Jim embraces Susan, then pulls back the fiancée and apologizes and explains. Laura is depressed, but she does not try to demonstrate this. As a souvenir, she sends him broken glass. Amanda goes back into the living room and gets to know Jim's bride. She blames Tom for playing a trick on her after he leaves. Tom upset of the house and Amanda says he's going to the moon. Tom states that not long after Jim's visit he was kicked out of his job and abandoned his mother and sister. However, he can't leave behind his emotional ties no matter how far he goes. The play is his last act of cleansing to erase from his family's memories.

Tennessee Williams *The Glass Menagerie* in his monologue that opens the play, Tom announced "The play is memory *The Glass Menagerie* is a memory play" . This is one of the most famous works by Tennessee Williams. The Glass Menagerie's theme and contents are always referred to as a 'tale of memories' and are influenced by the memories of Tom Wingfield, the tale's protagonist. The Glass Menagerie offers a strong mix of emotions, including grief, depression, anger and pride. For Tom's character, this is especially true. Williams portrays Tom's emotions in several different respects. According to Tom, 'it's nostalgic because of the play's roots because it's not realistic' and uncommon independence from tradition may be presented. The play is therefore subject to a variety of particular features, including dim lighting, constant use of music and symbolism. The most fictional works are products of imagination which attempt, through realistic confrontation, drama and setting, to convince the audience of its reality. But, *The Glass Menagerie* does not try to escape his responsibility to deal with the reality, although it is drawn from memory, but rather is based on real experience and does not have to be constrained by realism conventions in order to communicate truth. The desperation of the situations of this character clearly shows the question of prison. Williams makes it clear that Tom is stuck in the play's exposure as Tom has both avoided plot and character. The situation of Tom was obviously complicated as a narrator. This shows that he doesn't want to hear the truth. I offer honesty in the lovely cover up of deception.' He just decided to leave it all behind and leave the Wingfield flat as much as possible. Williams often causes stress when Amanda reflects on her, and she understands that Tom is sad, so she wants to turn a blind eye and behave as if he's going through whole process instead of supporting her.

But she is scared deep down that he becomes his father. "I see you taking after his way! He also assures him that he will never be an addict. Tom's desire is enormous. According to Tom, Glass Menagerie is a memory play – both its theme and contents are created and shaped in imagination. Amanda and Laura know it is easy to abandon them the same way. As Tom himself states clearly, it is because of its context that the play loses authenticity, the melodrama, the over produced metaphors and it often used music. Many literary plays are the

creations of the imagination, which must convince their viewers to be plausible. Nevertheless, a play drawn from memory is the product of actual life and thus does not have to fasten itself into practical frameworks in order to look authentic. While keeping sure of its material and reality, the author will place his true story in infinite strata and impossible metaphor. That right is fully utilized by Tom and Tennessee Williams.

The story the plays tell is told due to the uncompromising grip on the memory of the narrator. Therefore, the fact that the image exists at all is evidence of the power of recollection in the lives and consciousness of men. In fact, in the Production Notes Williams writes that "nostalgia…is the first condition of the play". The protagonist, Tom, is not his only memory-hunted hero. Amanda still lives in continuous search of the past youth, and for she is almost as significant as her glass animals, old documents from her childhood. Memory is a paralyzing force for these characters which prevents the individual from seeking joy in the present or the future offerings. Yet it is also Tom's essential force, which leads him to the act of creation which terminates in the show. What is the story of *The Glass Menagerie*? The Glass Menagerie is a memory play – its theme is both separate and independent. And the contents of this content are shaped and memorized. The play is also Laura's early childhood memory. She is the storyteller, and she also has a play persona, like a child who lives in her own realm of fantasies.

Amanda, who had been left by her husband and is obsessed by the memory of her family to journey far reaching distances! Because of this their youth, she was a really famous young lady who doesn't have a big male presence at the show. She sacrificed her chances due to his. Yet she fails to realize that art is on the mantle to remind you of reality and fact. The reality that she's past, she doesn't acknowledge. This always makes the play of love a memory – it's old already and tells to her children the same story of Amanda's misplaced love and the children with their uncle, attempting to shield them again and again failed for Laura. Another thing that makes Amanda feels like it. The past lives are how she deals with Tom and Laura in a play formed by memory and nostalgia. They just watch life go by, characters don't exist. They're also little children for her and she doesn't know that they can't be conscious human beings. With Tom, Mary, she's grown up. The memory of Laura becomes the paralytic power, which stops fact, as adults. Their faces are not allowed. Through denying the fact, she has made them happy nowadays. Tom doesn't get to be a kid. She also hopes to replicate her daughter's glamour with her own youth, but that is not necessary. The reality that Laura is crippled she does not even acknowledge. The little girl can't because of that.

One of The Glass Menagerie's most popular and urgent themes is its challenge in recognizing and referring to reality. Everybody of the Wingfield family can't get the better of this dilemma and therefore go into a private world of false show where he or she is relaxed and does not seem to give much meaning in the real world. The truth on Laura is by far the worst one of the three Wingfields. She lives in the private world of glass animals — objects that are incredibly amazing and hazardously fragile, like Laura's inner lives. Like his dad, as we can see in his job and in his interaction with people, Tom works in the real world. Yet, at the end of the day, he has no inspiration yet Laura for career achievement, personal ties, or even ordinary friendships and tends to withdraw into the imagination of literature and films and the trance of intoxication. The most difficult thing in the game is the friendship between Amanda and truth. She is loyal to exact values and aspires to financial and social success, as does her children. Nevertheless, her commitment to these ideals does not encourage her to recognize other facts about her life. She can't believe that she's or needs to be anything but her pampered belle, that Laura is odd, and that Tom isn't an up-and - coming businessman and that she herself may in certain respects share blame for their children's sorrows and faults. The regression of Amanda into fantasy is more tragic in certain ways than that of her siblings, as it isn't a voluntarily creative creation, but a fabrication of reality.

Though the Wingfields are characterized and linked by their fragile connections to reality, they do not succumb to the illusions of families alone. The external world is as illusion-prone as the Wingfields. Under the notion created by a glass ball – another variation of Laura's glass creatures – the youngsters in the Paradise Dance Hall waltz. Tom assumes that Jim is substituting true-world fun on the projector for other people in the pictures he watches, seeking comfort in fantasy rather than in actual reality. Jim, even representing the "world of reality," is banking his future on the television and radio industries — all to create illusions and convince others that these examples are true. The Glass Menagerie understands the capture by distortion of reality as an enormous and expanding dimension of the human experience.

Throughout the American dramatic era, the use of memory as a dramatic way to illustrate the distressing circumstances that encircled Americans during the Great Depression takes on a very special position. Tennessee Williams is one of the founders who brought history into their play's framework. In example, the best of all his works is *The Glass Menagerie,* a drama that explores the question of American collapse. Williams deepens the mindset of his characters by memory. Memory seems in both instances to be an incredibly significant aspect of

the life of characters. Their virtuality as well as their future ventures clearly influenced by it. Amanda, Tom and Laura present their memories so that each one of them is given a personal form. Amanda and her children had an overwhelming urge to change their course of life. But, to reach this target she's at a big disadvantage. When compared to his mother, Tom is not an expert on life. In a global context of personal innovation, he always has choice to reproduce his life story and those of his household. As Laura hits, it can't cope with what is relational because she is committed to the self-identity without success. The idea of disintegration in the play is beautifully represented. To show vastly differing perspectives on other life parts, Williams uses memories. The impressions of his tragic creations are a direct reaction to his memoir. In comparison, Williams' interpolation of recollection in his work *The Glass Menagerie* has its cultural and political backdrops. So, from the above discussion it has been justified as Tennessee Williams *The Glass Menagerie* as a Memory Play. The play stood at the nexus of old melodramatic form and the modern psychological theatre. The visual and performing arts in America developed a unique American voice in the first half of 20thcentury during the modernist period as art trended to turn to abstraction for modernist artists perceived themselves in a world they failed to comprehend or depict in their art. Memory operates through transformation and selection and Williams, well aware of the schematics, uses non verbal meta-theatrical elements to emphasise these operations. The researcher concludes saying that the playwright Williams on one hand invents a true "memory play" while on the other hand, creating for himself the possibility to expand the boundaries of theatricality for memories adhere not to the concrete laws of realism making the play a brilliant, profound and intricate study of declarative memory and its psychological uses.

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## POSTCOLONIALITY OF BAPSI SIDHWA

### Junaid Khalid Khan[1] and Bilal A. Shah[2]

[1]The Author teaches English in a Government Degree College for Boys Kupwara, JK, India
[2]The second author teaches English a Government College of the Department of Higer Education, JK, India

The paper looks at the postcolonial aspect of Bapsi Sidwa, a noted author of fiction. The article argues for a renewed interest in the author as the storehouse of the conflict between the colonial    and the postcolonial worlds. Through Bapsi Sidhwa has had the full opportunity to live in both countries, Pakistan and India, yet she has lived as a member of a minority Parsi or Zoroastrian community in both countries which has affected her identity and subjectivity to a large extend. This Parsi culture is traditionally diasporic in that it was once expelled from Persia. It is ethnically different from Jews and Muslims, and it is built upon an independent religious tradition, which means it is not included in any form of Judaism or Islam. Ambreen Hai, a noted Pakistani woman writer and critic, discusses Sidhwa's creation as a Pakistani woman writer.

It could be said that although Sidhwa has had different constraints placed upon her than have most middle-class Muslim women, she is empowered by her positioning to craft a specific critical lens; addressing English-speaking audiences within Pakistan and India and in the West, or Insider to Pakistan by nationality and historical background, but an outsider to the Hindu/Muslim divide; at once trying to represent a minority (Parsees) and the national aggregate. As Yogesh Chandak's review of the film stresses, Sidhwa in the film carries the burden of speaking for the country as well as critiquing the nationalism that excludes non-Muslims and has to simultaneously explain her role as a monolingual Punwader as well as talk about the status of the Muslim minorities in Indian society. (Hai, 387).

Soon after getting into her adolescence, Bapsi Sidhwa was married to Noshirwan Singh, a valued Lahore businessman and richer heir to a family that boasted traditions and wealth. Bapsi Sidhwa's father was a former mayor of Karachi and was a renowned freedom fighter. When Bapsi was initially a housewife, she had two girls and her youngest son. The fact that he had feelings of shame and empathy over the poor helped him sign up for social work. She quickly became a leader for women's rights and took an interest in that cause. She worked as a philanthropic worker to set up a destitute women's and children home in Lahore.

Bapsi was extremely restless to do some form of social work. She considered writing to be a fascinating and exhilarating hobby. The woman admitted then that as a traditional socialite in Lahore, her life was one of unrelieved tedium. And when she couldn't go to a psychiatrist, she turned to blog. Bapsi (the author) somehow became a writer by chance rather than by design. She decided to start her own novel at the encouragement of an Afghan woman she met while passing through the air. Earlier, when in childhood, the individual had been overawed by the word "author". In this case, they had a vision of the author being superior to them. During an interview done by David Montenergo, she explained:

I love reading, and I used to think that it was some sort of a mystical experience where a being would magically appear to do their job. The transhumanist's view of the literary work that's being translated is close to how the automatic writing of a medium would be perceived. And from explaining to me that the nature of becoming a writer is that she was flesh and blood and not just some abstract, disembodied entity, she then reminded me that flesh and blood persons are all around us. The very cool made me want to write. (Montenegro, 115).

The story of her first book, *Pakistani Bride* begins with the marriage of the fifteenth year old Afshan to the ten-year old Qasim. Afshan dies young, leaving behind Qasim in the hills, and Qasim heading to the flatland town of Jullundhar. So in Canada, Jullundhar has a break. Qasim, however, has to leave for Pakistan. The train he is traveling on has been targeted by the Sikhs. It was Qasim who fled from the carriage. The rest of the survivors are very fortunate to have a mighty young girl with them as a company. In order to recall what his deceased daughter might have been like, he calls Zaitoon after her. He marries one of his adopted daughters to Sakhi, a distant nephew. The fact that Zaitoon starts to realize too soon that Sakhi is ruthless and that she is supposed to follow him, to embrace him as a master, causes her frustration and turmoil. Sakhi beats his girlfriend and his former "mom." Zi escapes. Once Sakhi gets around to his target, he will work in the future to concentrate his attention on Zaitoon. She is rescued by a member of the army major whose car driver had given her and her father a ride to the hills.

Unlike the actual tragic ending of the real tribal girl in the Karokaram Indian village, the ending in The Pakistani Bride is happy. In explaining his reasoning for the happy ending of Feroza Jussawalla's novel, de Palma said:

In *The Bride* she (Zaitoon) is not killed by the enemies. As it has been heard, the bride has two endings. At first, it is where she wanders around at the beginning, and then at the end, she seems to see herself being killed. Thinking so, this is where the book should have ended. However, at this time, I quickly reached a different view of the novel. I used the girl's body and had been inside her thoughts for so long that it seemed a shame. ... In the end, she is still going to live—she is going to survive, just barely. (Jussawalla, 208)

The most influential inference that Bapsi makes is that if women like Zaitoon practice their patience, they too will emerge from the coils of their "fate." Some people can know of the girl who ran away, a city-saving heroine known as "Zaitoon." It is possible for anyone to exercise their destiny, but not only do Khudu take them further (Jussawalla, 229).

*An American Brat* is another novel by Bapsi Sidhwa. She herself published the study in Pakistan. This novel made Fatima Bhutto the Pakistani whom other Pakistaniians hate to be liked by. She was not liked by the group because she exposed the secrets to the entire World. Sidhwa is a great variation of Gayatri Spivak's "privileged native informant," where the Indians are given the "first-world" perspective of being able to use those western words and concepts. They are the ones who can "speak" English, and not us. Lady Macbeth is both the colloquial type and a visual of the source language that the Indian characters speak. *Against the World* is her third book, published in 1988. The partitioning of India is the subject of the debate. This story varies from the other two in several respects. It creates more of a complex plot, has many fantastical elements, and has more postmodernist aspects. The story depicts a colony's despotic behavior as it marches away from the colony, leaving the populace behind in a futile attempt to communicate with other colonies. This narrative you are watching is interlaced with the tale of "Lenny the Lumber Jack". She is the narrator of this novel and it is from this girl child's eyes that we see the ghastly dismemberment of India. "Lenny" is an original dynamic subaltern figure and her latest triple marginalization. She is a woman who is from a minority group, who is physically impaired as a result. Lenny is also a character invented by the author. Since Sidhwa was born in 1938 and had suffered from polio as a young child, he could also believe in the presence of Lenny. Also, I have found that the damaged girl child can be seen to be indicative of the damage to the Parsi community, which occurs probably when the nation becomes divided. To a lesser degree, the development of Pakistan would shrink Lenny's universe by losing the Hindus and the Sikhs, and Lenny would become a reductive individual.

In *An American Brat* (1994), the cast of characters travels from India to the United States. Aside from contributing some parts about globalization, the novel reflects a development among the Indian diaspora. The book provides an insight into the life of the rebellious daughter of Cyrus and Zareen, sister of Sarfaraz, Umar, Zayed, and Tariq, who travels from Gulberg, Lahore to Denver, Colorado for higher studies. When a young and impressionable student moves from the Third World to a First World country like the USA, they can carry out a different view about the United States. Feroza would have to make a lot of extraordinary cultural changes. Her roommate, Jo, shows her some of the words and phrases that travelers get tired of. This is very important to the development of society, as well as the preservation of community. She grew up and got out of the constraints and restrictions of her secluded and sheltered life in Lahore. Out of that secluded and sheltered life, she developed an independent mind and future career instead of being guided by her parents and elders.

In "Cloud Atlas," as in her previous novels, many political references are implicitly interwoven into the text. Within this book, the period of the novel is characterized by the military dictatorship of General Zia-ul-Haq. Exploring the tumultuous and unpredictable eventful aftermath of the Ayub Khan era, we get a peek into the surrounding religious bigotry and fundamentalism nurtured in the Zia era, the Hudood Ordinance, the hanging of Bhutto, public protests, and American embassy officials seeking to gauge the public's opinion on the hanging of Bhutto.

The works of Bapsi Sidhwa, such as "The Ice-Candy-Man" and "An American Brat," share postmodernist and modernist tributes to changing plot lines and fragmentation. This book was written in a more classic narrative style like Dickens or the linear. But, unlike previous writers, Hayes did so with intent during one-third of the novel. This was done to produce a gripping novel full of suspense.

Since being Pakistani is part of who Sidhwa is, she feels it is her responsibility to defend Mohammad Ali Jinnah, the father of the Muslim country. The reference to Jinnah is rendered in an appropriate sense as that of being an obstacle to the Parsi family that is the subject of.

A talking ice-candy man. She reflects on the worst disaster in Pakistan, the killing of a million Indian soldiers that was done by the Muslims of Pakistan as well as the Indian soldiers that were killed in the same massacre. She also re-appraised the image of Jinnah and seeks to boost his image by saying that the British were maybe

not quite fair to him. Sidhwa's political point of view is clearly demonstrated by a criticism of the partitioning of India and Pakistan, found in each of her three novels.

In an article entitled almost the same name as this paraphrase, Sidhwa reflects upon her career. I have been living and working in the US for the past four years and I know how simple it is for people to become complacent at the level of health, protection, climate, and education in prosperous countries. As there are less and less gaps between us, we also find that there are no longer "inferior people" as individuals, and instead they become a small lumped mass, like Chinese, African, Asian, Arab, and the most terrifying thing is that they become ideal disguises as dummies that are easy to target and kill. I do not have an identity outside of my culture, which is a mixture of the Punjabi and Parsee cultures. Hence, me being raised in both cultures. In the genre of nonfiction writing, I choose to portray the dreams, efforts, troubles and real life of the people closest to me. Even though my country is imperfect, I always show sympathy and compassion for the nation even though I disagree with it.

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International Journal of Research in Management & Social Science is a quarterly double blind reviewed research journal of Empyreal Institute of Higher Education, Guwahati, India. It seeks to provide a platform to research scholars, practicing managers, and academicians in business management, commerce and allied fields, to present their research findings and share their views and experiences. Its aim is to promote research education worldwide and to establish acquaintances between management and Information Technology. The journal focuses on issues related to the development and implementation of new methodologies and technologies, which improve the operational objectives of an organization. These include, Project management, logistics, production management, e-commerce, quality management, financial planning, risk management, General Management, Banking, Insurance, International Business, Health Care Administration, Human Resource Management , Non-Profit Organizations, Operations Research/Statistics, Operations Management, Organizational Behavior and Theory, Organizational Development, Organizational Management, Production/Operations, Public Administration, Purchasing/Materials Management, Entrepreneurship, Strategic Management Policy, Technology/Innovation, Tourism and Hospitality, Supply Chain Management, Rural Management, Public Management, Knowledge Management, Business Ethics, Corporate Social Responsibility , Negotiations and Competitive Decision Making, Data Analysis, Hotel Management and emerging trends in allied subjects. The journal provides a forum for researchers and practitioners for the publication of innovative scholarly research, which contributes to the adoption of a new holistic managerial approach that ensures a technologically, economically, socially and ecologically acceptable deployment of new technologies in today's business practices.

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