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1

ROLE OF CORPORATE COMMUNICATION TOOLS IN ENHANCING JOB SATISFACTION IN PUBLIC SECTORS

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Communication

Abstract

The Public Relations and Corporate Communications department strongly support various in-house and external events, through various CORPORATE COMMUNICATION tools the image of Public Sector Organizations. In spite of this, the public Sector Companies are perceived as an area of secure job, where most of the employees are not dedicated and committed in spite of the support given to them, and are being considered as a “drain source to the economy” and there is less job satisfaction levels. Any individual who is really not associated with these companies has an image about them, as a place where people are there to kill their time, and no work can be done without a recommendation. Also people are contented with what they have and don't even make any effort to rise and have no drive either to make it big. The achievements are very limited and the employees feel very happy being within the four walls as it takes care of their socio economic needs.

Due to Lack of rewards and benefits, career development and growth, many employees feel that they are never really given a chance to be in the activities of the organization and due to its geographical spread are not really aware of many developments taking place at the local, regional or national level of the organization. All these factors lead to lesser motivation which has a strong impact in Job Satisfaction levels.

Keywords: Communication, Job Satisfaction, Public Sectors

Objective

To discuss the role of various corporate communication tools in enhancing the Job satisfaction in Public Sectors. The objective of the paper is to lay down an emphasis on the importance of proper communication platform and transformation and establishing a positive outcome in order to motivate people to stay or join Public Sector Companies in India.

Methodology

Survey method and Personal Interviews with selected respondents

Literature Review

The researcher has reviewed and analyzed the study on the basis of number of books and research journals which are tabulated in the REFERENCES.

Introduction

Job Satisfaction is defined about “how content an individual is with his or her job. The happier people are within their job, the more

satisfied they are said to be”. It is not about saying work is wrong or bad, but that “it shouldn't crowd out the other things that matter to people such as time spending with family, participation in community activities, voluntary work, personal development, leisure and recreation”.

In today's era, it is generally agreed that job satisfaction has become more difficult. In the wake of financial meltdown, which has affected the entire world, companies have drastically cut down their workforce and many people have been sacked. Adding to their woes is the unavailability of jobs in the market worldwide.

During the past decade or so, the global workplace has seen increase in the number of working women, dual-career and single parent families, nuclear families and increased numbers of employees with eldercare responsibilities; decrease in job security and blurring of work-family boundaries due to technological updations

(Brown, 2004; Duxbury & Higgins, 2001, 2003; Parker & Arthur, 2004).

Thus, today for every organization, retaining good and worthy employees has become crucial, as a lot of resources are spent in making the new recruits understand the corporate culture of an organization and no organization can afford to train new employees again and again without a positive output. The training and development, and other resources invested help the individuals in adjusting into the organization and further make it clear as to how the corporate can help in their growth and development and fulfill their personal needs and how the employees can contribute towards enhancing the image of the organization by contributing towards their corporate goals.

This two way process between an organization and the employees is crucial for both, as it helps them to evolve and grow and fulfill their own needs and requirements. To strengthen this two way process in an age of globalization and global completion,

organizations are finding ways and means of communicating with their employees and through this make the employees feel involved with the organization and an integral part of it. When employees feel important informed and their personal needs are satisfied and rather than just giving them a job opportunity give them a career opportunity for growth, then job satisfaction can be achieved.

While the organizations grow and make their market presence and position stronger, the employees make their presence felt through innovations and value creation, which directly help the organization in achieving its MVGO-Mission Vision Goals and Objectives.

Review of Literature

Mallett - Hamer Beverly, Communication within the Workplace (2005):

When there is an internal communication gap within an organization there is usually a breakdown in the way information is being sent from the sender to the receiver. This is precedent in organizations that have a top down hierarchy. In this type of hierarchy, it can be difficult for bottom level employees to obtain information regarding changes within the organization. The data was collected from the different employees at different levels through the use of a multiple choice single answer survey. The survey was distributed via face-to-face (drop-off-survey). Approximately 92% of the participants when asked about the overall satisfaction of communication within the organization thought that their supervisor's communicated well.

Carriere Jules & Borque Christopher, The effects of organizational communication on job satisfaction and organizational commitment in a land ambulance service and the mediating role of communication satisfaction (2009):

The Case study aimed to enhance the relationship between internal communication

practices, communication satisfaction, job satisfaction, and organizational commitment. Specific set of respondents participated in the survey and the Data was collected using a questionnaire and was limited to quantitative technique. The findings of the case explained communication satisfaction and job satisfaction enhance organizational commitment with the help of internal communication practices, if information is correct and authentic. communication satisfaction represents a primary benchmark which can initiate a certain kind of change, and to retain valued employees job satisfaction has to be achieved and appropriately measured. Research has shown that organizational communication practices affect job satisfaction if they also cultivate communication satisfaction among employees. Satisfaction mediates the relationship between communication practices and job satisfaction.

Dave Buchanan and Mike Doyle, Organization development and change: the legacy of the nineties (1999):

The article aimed at examining management experience and attitudes concerning organization development and change. It also highlights the role of employee communication & job effectiveness of employees. The findings of the article emphasized that while effectiveness is closely interlinked with communication, but communication from workers can't be a complete and reliable source of information.

Pettit JD, Goris J.R, & B.C Vaught., An examination of organizational communication as a moderator of the relationship between job performance and job satisfaction. The Journal of Business Communication (1997):

The most conscientious of employers recognize that bidirectional communication provides avenues to recognize employee contribution and build organizational commitment- The perception one has about their supervisor's communication style,

credibility, and accuracy of information shared influences their level of job satisfaction ; The most important employee attitude is job satisfaction which reflects his attitude and behavior toward task performance and is determined by factors such as organizational climate, organizational communication system, job factors. In particular, organizational communication and the effect of supervisor-subordinate communication reflect behavioral intentions toward the job performance in terms of performance, loyalty to the organization etc. The respondents who took the survey have established a powerful connect of superior-subordinate relationship for better outcomes. The results reveal that communication can influence the job satisfaction and behavioral intentions toward job in terms of the task accomplishment and productive outcomes.

Bakanauskiene Irena, Bendaraviciene Rita, Krikstolaitis Ričardas: Empirical Evidence on Employees 'Communication Satisfaction and Job Satisfaction: Lithuania's University Case (2010):

The study analyzed that a relevant, and positive relationship between communication satisfaction and job satisfaction. The article provides results of empirical research on Lithuania's university employees' attitudes towards particular communication satisfaction and job satisfaction items. The statistical survey and data analysis have shown communicational and organizational strengths . The Employee satisfaction level is strong due to personal communication effectiveness and informal communication with supervisors. Nature of work and cordial work environment has influenced employees 'job satisfaction.

Phillip G. Clampitt, Cal W. Downs Employee Perceptions of the Relationship Between Communication and Productivity: A Field Study (1993):

The study suggests that employees perceive that different communication factors impinged on their productivity in a variety of

ways. The degree of impact and the reasons for the impact varied. In addition, the type of organization was seen to moderate the link between communication and productivity. The purpose of this study was to explore the relationship between communication and productivity and to determine employee perceptions of the impact of communication satisfaction on productivity. The study was done on employees of two business organizations and the data was collected through questionnaire and interviewing all employees. The outcome of the study showed that communication was perceived to have an impact on productivity that varied in both kind and magnitude. The internal organizational influences and modify the relationship between communication and productivity, and various levels and kinds of communication have different outcomes and purposes towards fulfilling the same

ChengedzaiMafini,David R.I. Poee: Evidence from a South African government department (2013):

The aim of this study was to analyze the relationship between employee satisfaction and organizational performance in a public sector organization. The study adopted a quantitative approach using the survey design. The survey method was selected due to its ability to facilitate the collection of data from large groups of respondents. Strategic interventions involving positive adjustments on the five employee satisfaction dimensions examined in this study may be initiated and applied to improve overall organizational performance in public organisations. The study endorses the notion that a satisfied workforce could be the key to enhanced organizational performance. Organizational performance signifies that on the overall, employee satisfaction contributes positively to organizational performance in a public organization. When employee satisfaction is optimised and expedited, it acts as an incentive to enhance organizational performance. On the contrary, when employees are dissatisfied, organizational performance will

diminish The relationship between employee satisfaction and organizational performance.

Role of Organizational Communication

Communication is the key to the functioning of organizations. People at work often say, for example, “Our basic problem around here is communication,” or “I just can’t seem to communicate with anyone in that department.” Communication whether effective or not, takes place constantly in any organization. A process as continuous as the circulatory system in the human body, communication is inseparable from and essential to everything that occurs in organizational life. To large extent, an organization is communication. This is more true than ever now, because we in this era are living in an age of information.

Unfortunately, more information does not necessarily mean better communication. We now have so much information that dealing with it presents a challenge for individuals as well as for organizations. Ever faster and more voluminous flows of information can impair rather than facilitate decision making, especially when rapid changes in technology an frequent changes in the strategies and missions of organizations themselves accompany this flood of facts, statistics, and reports.

Organizational communication is similar to other forms of communication in that it involves making and interpreting message-displays. But it differs in that it is a part of an ongoing process that includes patterns of interaction between organization members that both emerge from and shape the nature and actions of the organization and the events within it. A useful definition is the following:

Organizational communication is an evolutionary, culturally dependent process of sharing information and creating relationships in environments designed for

manageable, goal-oriented behaviour.

Communication is the responsibility of every single member of an organization. It is incorrect to support that it is the responsibility of the top manager to communicate and of all others to receive it. It is also not correct to believe that communication originates from subordinates and the supervisors only listen. Communication actually originates from everyone in the organization and everyone is a receiver of information.

Poor communication and resultant delays and failures to act are immeasurable costs in an organization. Communication is a constant problem in management. Organizations grow very fast and as they grow they create problems of communication.

Communication can be held with two kinds of public in an organization:

- Internal
- External

Internal public consists of those people who are directly related to the company like employees, stakeholders etc.

External public consists of people who are not directly related to the company e.g. media, government, customers etc.

Communication is the most important of our social activities. Social contact of two or more persons, a common medium, transmission of some message or information, and understanding and interpretation of that message- are the ingredients of communication.

Purpose of Internal Communication

- Establishing and dissemination of goals of an enterprise
- Developing plans for their achievements
- Organizing human and other resources most effectively and in an efficient manner
- Selecting, developing and appraising members of the organization

Q7) TOTAL YEARS OF WORK EXPERIENCE IN JOB

Serial No	Years of Experience	Total
1	1-5 years	105
2	6-15 years	210
3	15 years and above	185

Q8) TOTAL WORK EXPERIENCE IN PUBLIC SECTOR

Serial No	Years of Experience	Total
1.	0-2 years	29
2.	3-6 years	134
3.	7-10 years	132
4.	11-15 years	90
5.	16 years and above	115

Q9) What level of information is required in a communication tool to make it appropriate and relevant (Choose the most appropriate one)

S.No	Level of Information	Total
1.	Complete Information	318
2.	Adequate Information	156
3.	Limited Information	7
4.	No Information	2
5.	Others	18

Q10) Which should be the crucial element of communication in an organization (You can select more than one option)

S.No	Element of Communication	Total
1.	Information	452
2.	Transparency	153
3.	Motivation	76

Q11) Does internal communication enhance "Workers Performance"

S. No	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
1.	398	94	7	0	500

CODE

SA- Strongly Agree

A- Agree

D- Disagree

SD- Strongly Disagree

Q 12) Does effective communication improve "Organization Productivity"?

S. No	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
1.	384	109	5	0	500

CODE

SA- Strongly Agree

A- Agree

D- Disagree

SD- Strongly Disagree

Q 13) Does effective communication increase "Workers Commitment"?

S. No	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
1.	375	117	7	0	500

CODE

SA- Strongly Agree

A- Agree

D- Disagree

SD- Strongly Disagree

Q 14) Does information circulated have to be authentic and genuine?

S. No	Strongly Agree	Agree	Disagree	Strongly Disagree	Total
1.	311	187	7	0	500

CODE

SA- Strongly Agree

A- Agree

D- Disagree

SD- Strongly Disagree

DATA FINDING

On the basis of the questionnaire following was the Data Finding

Table 9.9

Does internal communication enhance "Workers Performance"

All the respondents who varied in the different age groups and experience and hold/held different positions in various Public Sectors the data averaged was **-79.4% Strongly Agreed ,18.8% Agreed ,1.8.% Disagreed and 0% Strongly Disagreed** respectively, on the above question

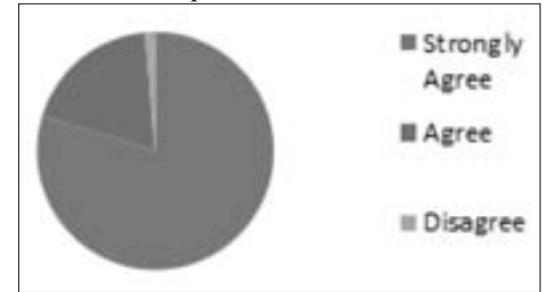


Table 9.10

Does effective communication improve "Organization Productivity"?

All the respondents who varied in the different age groups and experience and hold/held different positions in various Public Sectors the data averaged was **-76.6% Strongly Agreed, 21.8% Agreed ,1.2% Disagreed and 0% Strongly Disagreed** respectively, on the above question

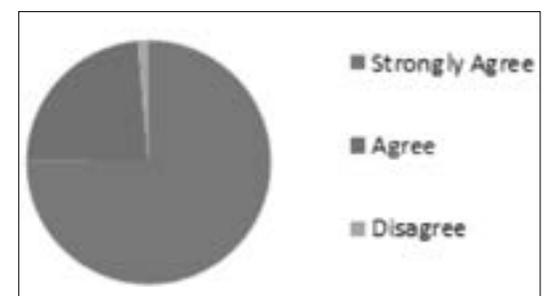


Table 9.11

Does effective communication increase "Workers Commitment"?

All the respondents who varied in the different age groups and experience and hold/held different positions in various Public Sectors the data averaged was **-74.9% Strongly Agreed, 23.4% Agreed ,1.6% Disagreed and 0% Strongly Disagreed** respectively, on the above question

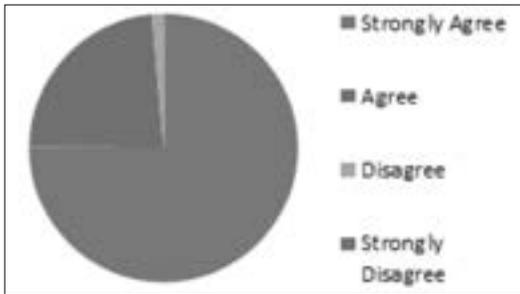


Table 9.12
Does information circulated have to be authentic and genuine?

All the respondents who varied in the different age groups and experience and hold/held different positions in various Public Sectors the data averaged was **-76.4% Strongly Agreed, 22.4% Agreed, 1% Disagreed and 0% Strongly Disagreed** respectively, on the above question

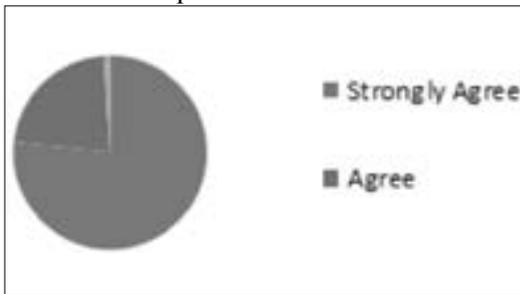


Table 9.13
Does knowledge about the organization and it's related elements increase due to better communication channels?

All the respondents who varied in the different age groups and experience and hold/held different positions in various Public Sectors the data averaged was **-72.1% Strongly Agreed, 24.6% Agreed, 2.8% Disagreed and .6% Strongly Disagreed** respectively, on the above question

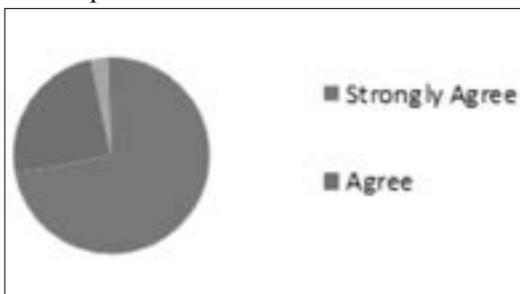


Table 9.14

Is timely communication about Strategies, Product & Services and Human Resource Process relevant?

All the respondents who varied in the different age groups and experience and hold/held different positions in various Public Sectors the data averaged was **-29.9% Strongly Agreed, 33.3% Agreed, 29.7% Disagreed and 7% Strongly Disagreed** respectively, on the above question



Table 9.15
Which are the following tools of communication known to you

All the respondents who varied in the different age groups and experience and hold/held different positions in various Public Sectors in which they could choose more than one option, the data averaged for the above question-

S. No	Tools of Communication	Percent-age (%)
1.	Newsletter	
2.	House Journals	
3.	Notice Boards	
4.	Memos	
5.		
	Group Discussion and Interaction	
6.	Formal Communication	

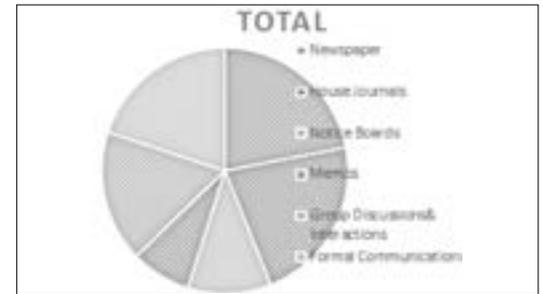
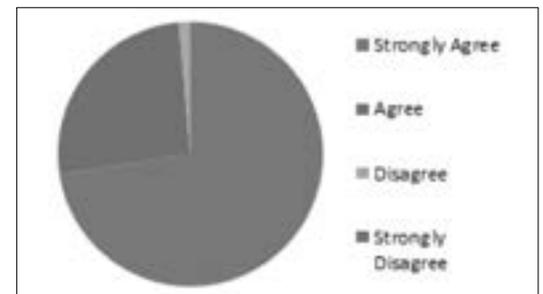


Table 9.16
Are internal communication tools more effective and efficient to achieve goals and objectives

All the respondents who varied in the different age groups and experience and hold/held different positions in various Public Sectors the data averaged was **-72.3% Strongly Agreed, 25.9% Agreed, 1.4% Disagreed and 0% Strongly Disagreed** respectively, on the above question



CONCLUSION

The objective of understanding the Internal Communication as a process and its effectiveness at Public Sector and relating it to the level of Job Satisfaction has been viewed in all aspects through this project by identification, reputation and corporate branding, and also reflects on how communicating with an organizations depends upon all of the company's internal and external communication for effective corporate communications and creating a positive reputation. relevance of communication and provides relevant example in various countries to establish a connect between various corporate communication tools With growing competition the process of communication has become more complicated and the scope

of communication gap has increased leading to barrier's and mistrust. The concept of CSR or Corporate Social Responsibility has also gained importance and has created a coordinated corporate communication system, by developing the required communication strategies the strategies and activities that fall within its remit; and, the ways in which it can be managed and organized in companies and agencies alike. It addresses three important questions: What is corporate communications, and how can it be defined? What strategies and activities are central to this profession? What is the organizational location, status and role of this profession? Important issues and in managing and organizing corporate communications are all discussed, providing practicing managers with appropriate concepts, theories and tools to make better management and communication decisions. Employee satisfaction is essential to ensure higher revenues for the organization. Satisfied employees also spread positive word of mouth and always stand by each other. Instead of wasting their time in gossiping and loitering around they believe in doing productive work eventually benefitting the organization. They take pride in representing their respective organizations and work hard to ensure higher revenues for the organization. Satisfied employees are employees who help their fellow workers and support them in achieving their goals

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THE INTERSECTION OF GLOBAL BUSINESS AND INTERNATIONAL LAWS

Anuj Kumar

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Abstract

Today we are living in era of global economy where we are using goods that are manufactured in one country & packaged in another country. Businesses have cross boundaries of countries and expanded themselves across the world, in search of availability of raw materials, cheap labour, talent and market for their goods. However, doing business internationally is totally different than in domestic country. While doing business in other countries, people have to well aware of country's culture, people's behaviour, country's legal system, its political environment and economical conditions.

The legal system of every country is significantly important and different to international businesses. The Differences in legal systems can affect the attractiveness of a country as market or investment site. A country's law regulate business practices, defines business policies, rights and obligations involved in business transactions. As Jeremy Bentham have also gave the theory of Utilitarian, which reveals that law should change as per time and place for greatest happiness for greater number of people. The government of a country defines the legal framework within which firms do businesses. Although different countries have different laws and regulations, knowledge of common law, civil law, contract laws, and laws governing property rights, product safety and liability for a country helps business people to make business decisions. The paper will deal with detailed facts and research about the importance of international laws for business.

Keywords: International Trade ,GATT, WTO, Indian Trade Laws

Introduction

Today we are living in era of global economy where we are using goods that are manufactured in one country & packaged in another country. Businesses have cross boundaries of countries and expanded themselves across the world, in search of availability of raw materials, cheap labor, talent and market for their goods. However, doing business internationally is totally different than in domestic country. While doing business in other countries, people have to well aware of country's culture, people's behavior, country's legal system, its political environment and economical conditions.

The legal system of every country is significantly important and different to international businesses. The Differences in legal systems can affect the attractiveness of a country as market or investment site. A country's law regulate business

practices, defines business policies, rights and obligations involved in business transactions. As Jeremy Bentham have also gave the theory of Utilitarian, which reveals that law should change as per time and place for greatest happiness for greater number of people. The government of a country defines the legal framework within which firms do businesses. Although different countries have different laws and regulations, knowledge of common law, civil law, contract laws, laws governing property rights, product safety and liability for a country helps business people to make business decisions.

Understanding International Business

International business means the buying and selling of the goods and services across the border. These business activities may be of government or private enterprises. Here the national border are crossed by the enterprises to expand their business activities

like manufacturing, mining, construction, agriculture, banking, insurance, health, education, transportation, communication and so on. A business enterprise who goes for international business has to take a very wide and long view before making any decision, it has to refer to social, political, historical, cultural, geographical, physical, ecological and economic aspects of the another country where it had to business. International business by its nature is a primary determinant of international trade, one of the results of the increasing success of international business ventures is globalization.

International Business is the process of focusing on the resources of the globe and objectives of the organisations on global business opportunities and threats. International business is defined as global trade of goods/services or investment.

Scope of International Business

The scope of international business is much broader involving international marketing, international investments, management of foreign exchange, procuring international finance from International Monetary Fund (IMF), World Bank, International Finance Corporation (IFC), International Development Association (IDA) etc., management of international human resources, management of cultural diversity, management of international production and logistics, international strategic management and the like.

According to International Monetary Fund (IMF), globalisation means “the growing economic interdependence of countries world wide through increasing volume and variety of cross-border transactions in goods and services and of international capital flows and also through the more rapid and widespread diffusion of technology”

Globalisation is a more advanced form of internationalisation of business that implies a degree of functional integration between internationally dispersed economic activities. It denotes the increased freedom and capacity of individuals and firms to undertake economic transactions with residents of other countries. Globalisation is the process of international integration arising from the interchange of world views, products, ideas, and other aspects of culture. Globalisation refers to processes that promote world-wide exchanges of national and cultural resources. Advancement in transportation and telecommunications infrastructure, including the rise of the internet, has further catalysed globalisation of economic activities.

The idea of international business law is fairly easy to comprehend: It is the standardization of fundamental business practices worldwide. It is a function of increasing global interdependence. International business, by its very structure,

transcends national states and is inherently lawless. Since World War II, steps have been taken to change this aspect of business and base it on standard practice.

History

Once the United States won the second World War, it sought to standardize business practices worldwide, especially in war-torn Europe. Legal standards were put in place by the American-dominated trading system that sought to create a global regime of free trade using the U.S. dollar as the base currency. Only a major international power such as the postwar U.S. could have made this trade regime work.

Function

International business law is a matter of self-interest. To have a single legal framework that governs international transactions saves money by simplifying the costs of compliance. If a firm had to modify its functioning based on each state's legal structure, the costs of doing business overseas would be very high. Having an international framework saves time and money.

Sources

International business law has several sources for basic legislation. Primarily, major financial institutions that back groups such as the International Monetary Fund and the World Bank are major legislators of basic business practices. In addition, regional organizations such as the European Union, the Arab League, and the Association of East Asian Nations are also sources of international law and practice in business. Powerful states such as the U.S., oil producing states and China also have a important role to play in shaping international business legislation. Ultimately, law in this case often becomes compromises among these power centers.

Features

The basic features of global business law concern protections for intellectual property,

contract enforcement, environmental protection and labor standards. The goal here is to create uniform standards as much as possible. The European Union, for example, has standards on all of these areas that seek to create a uniform European code. This is to facilitate movements of goods and labor across national borders to cut the costs of doing business.

Effects

International business law, at its root, is about transcending the nation state as the only source of legal authority. While it is true that businesses must obey local laws, international law has made this adaption much easier. A state that does not implement basic international standards in areas such as eliminating tariffs or making banking practices transparent risks being left out of potentially lucrative global investment. The adoption of international legal standards of business tells the world that this government and this economy is ready to become part of the global community and receive the financial rewards for so doing.

Business today is truly international. International trade has existed since times immemorial. There are findings to indicate that international trade existed as long back as 2000 B. C. With increasing complexities and volumes in international trade, an urgent need for a uniform code for regulating these transactions was keenly felt.

The importance of international trade and a uniform code is more keenly felt in present day economy where domestic and foreign politics play their influencing role in conducting transnational business. International Law for business aims at providing the regulations required for execution of international transactions involving more than one nation. Every country has its own set of laws for regulating business. Therefore, it is apparent that every international business transaction has to comply with provisions of both domestic as well as international law.

In order to ensure performance of the transaction(s), parties enter into treaties/agreement. These treaties are framed according to general practice and customs. The most significant aspect of international law is jurisdiction. Though it is not important for students to go for a detailed study of business law in each country, understanding the structure of the legal system in different countries helps in making a good comparative study.

Why do we need Law?

One should keep in mind that the base for law is a dispute. The judgment of a decided case becomes a referral point - known as a precedent. The reason behind this reference is to facilitate uniformity in deciding similar cases. It may be noted that precedents may be overruled if the judgment pronounced earlier is found to be erroneous.

Canada, the second largest country in the world framed its own constitution in 1982 by the act of British Parliament. It has a bicameral parliament - House of Commons and a Senate. Canada follows the principle of legislative supremacy, giving importance to precedents. Cases, statutes, customs and royal prerogative are the sources of Canadian law. The judges for federal and provincial courts are selected by Governor-General of Canada. The legal system of Canada is primarily based on the common law tradition. By and large, the regulatory framework is uniformly applicable throughout Canada with the exception of the province of Quebec. Quebec has been given special rights to preserve its culture, language and governing institutions. Germany, the largest European country, follows the civil law tradition.

Of all the civil codes, the German Civil Code has had the widest influence in the development of laws in other countries like China, Japan and many Eastern and Central European countries. With the unification of the erstwhile two German nations, the political authority is divided between the

federal government and the states. Matters of utmost importance like defence, foreign affairs, currency, nationality and intellectual property are exclusively looked into by the federal government. The Chancellor, the most powerful political figure, makes public policy and appoints heads of state. There is marked difference in the manner cases are resolved and the judiciary system that exists in Germany as compared to other countries. Two important codes play a significant role. They are the German Civil Code and the German Commercial Code. The civil code has 2300 sections divided into five parts with the first two covering legal and contractual obligations. The commercial code sets rules for doing business in Germany.

Saudi Arabia, an Islamic country, has a legal system that follows the Sharia – commandments of Prophet Mohammad. Unlike other countries, Saudi Arabian government has only two wings - the executive and judicial, and the King is the supreme authority. The regulations approved by the King are published in the official gazette. There are agencies to assist in regulating the administration of the Kingdom. The most important among them are the Supreme Commission on Labor Disputes, the Commissioner for the Settlement of Commercial Disputes and Board of Grievances. A well regulated country, Saudi Arabia strongly abides by the Holy Quran. As such students will note that unlike common law systems, charging of interest is prohibited among many other things. Dispute resolution normally results in damages or recession. Despite the difference in the regulatory structure, the importance of Saudi Arabia in present day economy is continually growing. Japan, is perhaps the only example of ‘real development’ in almost all areas.

Japan which was battered and ravaged during the World War II, is now among the most advanced countries of the world. A look at its legal system shows traces of the

Tokugawa period influence of the German Civil Code and the American influence. Right from the early days, Japanese gave much importance to the Confucian system where the head of the family/village was the deciding authority. His word was rarely contested. The process of industrialization in the nineteenth century saw Japan draw up a Civil Code based on the German Civil Code. This however, underwent a drastic change after the Second World War when the American influence separated the church and state and introduced a parliamentary system with a duly elected Prime Minister and a bicameral legislature. Despite, the American influence Japanese have a different outlook in matters of international trade. All contracts have the regular clauses. Yet, the Japanese treat an international transaction as an opportunity to develop personal ties and business relationships. They look for flexibility, amicable settlement of disputes and performance of contract in good faith.

China has for many hundreds of years been known for the superior quality of goods it produces and its ancient medical practice. Thus, international trade has been an integral part of Chinese economy. Very much like the Japanese Confucian attitude, the Chinese have deep faith in behaving in an honorable and ethical manner. Until recently, the attitude of Chinese towards practitioners of law has been discerning. Primarily because it has gone through a lawless period during the Cultural Revolution known as ‘Dark Ages’ in 1966 and the second revolution which started in 1976 with the death of Mao Zedong’s. Today, China has a large, complex system of agencies, the most important among them being Ministry-of Foreign Economic Relations and Trade which renders guidance in matters related to foreign trade.

The governing statute for foreign trade is Foreign Economic Contract Law (FECL). According to FECL all contracts should be in writing, must express the real intent of the parties who must have legal contractual

capacity and the contract should not violate law or public policy. Before resorting to arbitration, Chinese prefer to settle disputes out of court through friendly consultations, which again reflects their reliance on traditional value of honorable and ethical behavior. European Community - The aftermath of the Second World War set the world leaders to think of a united Europe to achieve economic alliance and compatible political and legal setup. Thus, started the European community. The first step towards this was, building a common market between France and Germany for coal and steel through the European Coal and Steel Community (ECSC). The success of this led to signing of a number of treaties like the EURATOM, European Economic Community (EEC) and the Maastricht Treaty, all directed towards political and economic unity. To simplify the administration of ECSC, EURATOM and EEC, a merger treaty was subsequently signed. The European community has a well organized administrative set-up comprising of council of ministers, parliament, commission, courts of justice and auditors, and advisory committees. These community institutions have developed substantive laws- which prevail over individual country laws and create rights in individuals and businesses which are to be protected by national courts.

INTERNATIONAL TRADE - LEGAL FRAMEWORK

We have looked briefly into the various laws prevalent in different countries. Let us now concentrate on what will be the scenario if two or more nations wish to have trade relationships and the various regulations that one has to follow.

GATT:

The General Agreement on Tariffs and Trade popularly known as GATT attempts to promote multilateral fair trade and reduce trade barriers. Members of GATT reduce trade barriers by granting 'Most Favored

Nation' (MFN) status and charging the lowest applicable tariff rates for imports from MFN. GATT provides for promotion of fair trade by prohibiting 'dumping' and 'unfair subsidies, bounties and grants'. Lack of adaptability of GATT, to regulate world trade has resulted in nations entering into a direct trade relationship like the North American Free Trade Agreement for example. In other cases some developed nations have come forward to help the less-developed countries by permitting duty free imports of certain items under the Generalized System of Preferences.

Regulation of Imports and Exports

Tariff or duty which is levied on imports is one of the important sources of income for a country. Tariff is levied based on the classification of products, its value which usually is the transaction value and its place of origin. The rate of duty levied on imported goods has significant impact on the domestic market for that product. To safeguard domestic interests some countries may resort to imposition of non-tariff barriers like adherence to strict quality standards in order to ensure safety to health and environment. Quotas and embargoes are the other forms of non-tariff barriers. On the other hand, countries wanting to promote exports may extend technical, market, and financial assistance and tax benefits to the exporters. To check undue assistance, GATT imposes countervailing duties on exports supported by unfair subsidies. The United States regulates its exports under the Export Administration Act of 1979. The primary objective being to protect its economy in case of short supply, to protect national security and to further its foreign policy objectives. The US has a complex regulatory structure for both imports and exports which includes the anti-boycott regulations.

Global Business Enterprises

Let us now look at another important aspect

of international law relating to international or global business organizations. International business organizations often known as Multinational Enterprises (MNE) are organizations having business entities in two or more countries. These entities are so interlinked that one exercises significant influence over the other. MNE can adopt different channels for doing business. It may choose to do business either through its own firm or through agents and distributors. In the case of an agent and principal relationship, depending upon the country in which the agent would be operating, the terms and conditions are decided. Some countries provide for protective measures to safeguard against unfair termination of the agency. Distributors on the other hand buy goods for the purpose of selling them and offering after-sales and warranty services. Unlike in agency contracts, distributors cannot bind the manufacturer with their acts. Distributorship contracts are normally for a fairly lengthy period as they involve large investment on part of the distributor. Licensing of technology is another form of doing global business. Licensing agreement may: (i) permit manufacture of patented, trademarked or copyrighted product, or (ii) be a franchise arrangement. MNE may also choose to carry-on business in different countries by investing directly. This investment can be either by acquiring an existing company, opening a branch, establishing branches or starting a joint venture.

Regulation of Global Competition:

Competition may make businesses to resort to unfair, restrictive and monopolistic trade practices. Many developed as well as developing countries have adopted regulations to prevent such malpractices. For instance, the US has enacted antitrust laws – Sherman Act and Clayton Act. The European Community through Articles 85 and 86 of the Treaty of Rome also attempts at regulating unfair business competition. Japan too has antimonopoly law to prohibit unreasonable trade practices and abuse of

dominant market power. Regulations have also been passed to check hostile acquisitions and strategic alliances.

Protecting Business Property Rights

Inventions, creations, technological advancements when protected take the form of copyrights, patents, trademarks or trade secrets. These intellectual properties are assets of business enterprises, as they are essential for the success of businesses. Hence, the need to encourage their growth and also provide legal protection against misuse, theft, etc. Copyright law gives authors and artists the right to control the reproduction and performance of their work(s). The period of protection varies in each country. By and large, protection is granted to authors for their life plus 50 years, and for photographic and works of applied art for 25 years. Patents provide exclusive right to manufacture or use an invention for a specific period of time. Patent laws are primarily territorial. However, there are a couple of international agreements to provide patent protection like the European Patent Convention and the Patent Co-operation Treaty. Lack of a universally accepted patent law hinders introduction of a product on a global basis. Trademark is any work, name, symbol, or device or any combination thereof adopted and used by manufacturer or merchant to identify his goods and distinguish them from those manufactured or sold by others. Apart from protecting their intellectual property rights, business enterprises are faced with a more complex problem of dealing with piracy and counterfeit goods. Pirates and counterfeiters cause great harm as they deprive the owner of the protected work his share of royalty, the authorized dealer his profit and the buyer of quality product. The US government through an amendment of the Trade Act of 1974, attempts to counteract such practices under Section 301 of the said act. Another problem faced by business enterprises is

the gray market, where legitimate goods are marketed through unauthorized channels. Protecting intellectual property rights do not prevent governments from expropriating such property for public use. The criteria for such expropriation should be that these properties are taken for public use and just 'compensation is paid for their acquisition.

The MNE as World Citizen

merely by their size, MNE have an edge over other corporations. Their ability to access capital helps in developing countries. They also possess the powers to exploit natural and human resources, demolish local economies and corrupting and controlling political figures. The United Nations Commission on Trade and Development (UNCTAD) has been making efforts for evolving a code of conduct for MNE to ensure their positive influence on the economy and avoid economic menace like the collapse of the Bank of Credit and Commerce International (BCCI). The organization for Economic Co-operation and Development (OECD), has set guidelines to protect corporations in its member countries from MNE abruptly. Following the Bhopal disaster, various governments have through treaties and conventions sought to adopt policies to reduce various polluting activities and protecting environment. Thus International Law for Business covers a whole gamut of business aspects with an international perspective.

Laws applicable to International Business

- Domestic Laws
- Foreign Laws of Host Country
- International Law
- Executive Agreements
- Treaties
- Customary International (Common) Law

World Trade Organization

In 1995, the World Trade Organization, a formal international organization to regulate

trade, was established. It is the most important development in the history of international trade law.

The purposes and structure of the organization is governed by the Agreement Establishing The World Trade Organization, also known as the "Marrakesh Agreement". It does not specify the actual rules that govern international trade in specific areas. These are found in separate treaties, annexed to the Marrakesh Agreement.

Scope of WTO :

(a) provide framework for administration and implementation of agreements; (b) forum for further negotiations; (c) trade policy review mechanism; and (d) promote greater coherence among members economics policies

Principles of the WTO:

- (a) principle of non-discrimination (most-favoured-nation treatment obligation and the national treatment obligation)
- (b) market access (reduction of tariff and non-tariff barriers to trade)
- (c) balancing trade liberalisation and other societal interests
- (d) harmonisation of national regulation (TRIPS agreement, TBT agreement, SPS agreement)

The WTO establishes a framework for trade policies; it does not define or specify outcomes. That is, it is concerned with setting the rules of the trade policy games. Five principles are of particular importance in understanding both the pre-1994 GATT and the WTO:

1. Non-discrimination. It has two major components: the most favoured nation (MFN) rule, and the national treatment policy. Both are embedded in the main WTO rules on goods, services, and intellectual property, but their precise scope and nature differ across these areas. The MFN rule requires that a

WTO member must apply the same conditions on all trade with other WTO members, i.e. a WTO member has to grant the most favourable conditions under which it allows trade in a certain product type to all other WTO members. “Grant someone a special favour and you have to do the same for all other WTO members.” National treatment means that imported goods should be treated no less favourably than domestically produced goods (at least after the foreign goods have entered the market) and was introduced to tackle non-tariff barriers to trade (e.g. technical standards, security standards et al. discriminating against imported goods).

2. Reciprocity. It reflects both a desire to limit the scope of free-riding that may arise because of the MFN rule, and a desire to obtain better access to foreign markets. A related point is that for a nation to negotiate, it is necessary that the gain from doing so be greater than the gain available from unilateral liberalization; reciprocal concessions intend to ensure that such gains will materialise
3. Binding and enforceable commitments. The tariff commitments made by WTO members in a multilateral trade negotiation and on accession are enumerated in a schedule (list) of concessions. These schedules establish “ceiling bindings”: a country can change its bindings, but only after negotiating with its trading partners, which could mean compensating them for loss of trade. If satisfaction is not obtained, the complaining country may invoke the WTO dispute settlement procedures.
4. Transparency. The WTO members are required to publish their trade regulations, to maintain institutions allowing for the review of administrative decisions affecting trade, to respond to requests for

information by other members, and to notify changes in trade policies to the WTO. These internal transparency requirements are supplemented and facilitated by periodic country-specific reports (trade policy reviews) through the Trade Policy Review Mechanism (TPRM). The WTO system tries also to improve predictability and stability, discouraging the use of quotas and other measures used to set limits on quantities of imports.

5. Safety values. In specific circumstances, governments are able to restrict trade. The WTO’s agreements permit members to take measures to protect not only the environment but also public health, animal health and plant health.

Dispute Settlement

The WTO’s dispute-settlement system “is the result of the evolution of rules, procedures and practices developed over almost half a century under the GATT 1947”. In 1994, the WTO members agreed on the Understanding on Rules and Procedures Governing the Settlement of Disputes (DSU) annexed to the “Final Act” signed in Marrakesh in 1994. Dispute settlement is regarded by the WTO as the central pillar of the multilateral trading system, and as a “unique contribution to the stability of the global economy”. WTO members have agreed that, if they believe fellow-members are violating trade rules, they will use the multilateral system of settling disputes instead of taking action unilaterally.

The operation of the WTO dispute settlement process involves case-specific panels appointed by the Dispute Settlement Body (DSB), the Appellate Body, The Director-General and the WTO Secretariat, arbitrators, and advisory experts.

The priority is to settle disputes, preferably through a mutually agreed solution, and provision has been made for the process to be

conducted in an efficient and timely manner so that “If a case is adjudicated, it should normally take no more than one year for a panel ruling and no more than 16 months if the case is appealed... If the complainant deems the case urgent, consideration of the case should take even less time. WTO member nations are obliged to accept the process as exclusive and compulsory.

International Economic Law

A somewhat restrained definition of international economic law embraces trade, investment, services when they are involved in transactions that cross national borders, and those subjects that involve the establishment on national territory of economic activity of persons or firms originating from outside that territory.

There are two bifurcations of the subject of international economic law. One is the distinction between monetary and trade affairs. The other one is the distinction between international and domestic rules. However, domestic and international rules and legal institutions of economic affairs are inextricably intertwined and it is really not possible to understand the real operation of either of these sets of rules in isolation from the other.

The emphasis in international economic law is on treaties. In relative significance, international customary law lags behind treaties in International Economic Law, though it fulfills some important functions (see pg. 270).

In the absence of bilateral and multilateral treaty obligations to the contrary, international law does not ordain economic equality between States nor between their subjects.

Sometimes it is claimed that the principle of non-discrimination, often termed the Most-Favored Nation obligation, is a norm of customary international law. In addition, in

the international discourse of today there is often argument over whether there exists in international law some general obligation to assist developing countries in their efforts to make economic progress.

Economic Treaties The most important of these are the FCN (Friendship-Commerce-Navigation) treaties, the various treaties for the avoidance of multiple taxation, a long line of “commercial treaties” dealing with tariffs and customs matters (often superseded by modern multilateral agreements), and particular commercial treaties dealing with a specific product group (e.g. textiles or meat). More recently a number of bilateral treaties have been completed entitled “Economic Cooperation Agreements,” often providing a loose framework for developing trade between market and nonmarket economies. In addition, a number of countries, including the U.S. have developed a program for negotiating bilateral investment treaties, called BITs. BITs focus on the problem of protecting their citizen investors who invest in foreign countries and also deal with some of the problems of the capital importing countries. Many bilateral treaties deal with taxation, and other more specialized subjects of economic regulation.

FCNs (Friendship – Commerce-Navigation Treaties)

The traditional FCN treaty is designed to establish an agreed framework within which mutually beneficial economic relations between two countries can take place, creating a basic accord governing day-to-day intercourse between them. It is bilateral, rather than multilateral. It's one of the most familiar in diplomatic relations. It sets forth the terms upon which trade and shipping are conducted, and governs the rights of individuals and firms from one State living, doing business, or owning property w/i the jurisdiction of the other State.

Today, greater emphasis is placed on the right of establishment and promotion of

private foreign investment, as opposed to trade and shipping, which were the areas of greatest concern in negotiation of earlier FCN treaties.

BITs (Bilateral Investment Treaties)

One of the BIT's most important purposes was to counter the claim in the 1970s by developing countries that customary international law no longer required that expropriation be accompanied by prompt, adequate, and effective compensation, if indeed it ever had. The U.S. hoped to create a network of bilateral treaties embracing the prompt, adequate, and effective standard that would counter assertions that State practice no longer supported that standard.

A second purpose was to protect existing stocks of investment owned by U.S. nationals and companies in the territory of other States. A third purpose was to depoliticize investment disputes. The BITs were intended to establish legal remedies for investment disputes that would not necessitate the involvement of the investor's own government.

International Economic Organizations

OECD (Organization for Economic Cooperation and Development)

Its aims are to promote growth, full employment, trade “on a multilateral, nondiscriminatory basis” and financial stability. 24 countries are members.

UNCTAD (United Nations Conference on Trade and Development)

Its aims are to promote trade in the interest of development, to formulate principles and policies concerning such trade, to initiate multilateral trade agreements, and to act as a center for harmonizing governmental policies affecting the area. As of 1993, it had 171 members, each of which had an equally weighted vote.

The Bretton Woods System and World Economic Relations

The Bretton Woods System is comprised by the International Monetary Fund (IMF), the International Bank for Reconstruction and Development (IBRD—World Bank), and World Trade Organization (WTO).

The first two are power-oriented institutions, i.e., each member country's voting power is determined by its share of quota.

The WTO is a consensus institution (1 vote per country).

IMF (International Monetary Fund)

The IMF was conceived to aid member countries with short-term balance of payments difficulties.

The organizational structure of the IMF is set out in its Articles of Agreement. The highest authority of the IMF is the Board of Governors, which consists of a Governor and Alternate Governor appointed by each member country.

Members' quotas in the IMF determine their subscription to the Fund, their drawing rights on the Fund under both regular and special facilities, and their share of SDRs; and they are closely related to their voting power.

IBRD (International Bank for Reconstruction and Development: World Bank)

Its aims are to promote growth, trade and balance of trade equilibrium of its members, “by facilitating the investment of capital for productive purposes” with its own loans at conventional rates of interest and guarantees for foreign investors, and by providing technical assistance.

Only those countries which are members of the IMF may join the World Bank.

The Legal Structure of the WTO/GATT System

Since 1947, the GATT was the principal international multilateral treaty for trade, although technically it was only in force “provisionally.” In theory, the GATT did not establish an organization, although in practice GATT operated like one. The Uruguay Round results create a new and better defined international organization and treaty structure—a WTO—to carry forward GATT’s work.

The GATT is a treaty which deals almost entirely with trade in products. The Uruguay Round for the first time has produced a comparable treaty for trade in services and a new treaty dealing with intellectual property.

GATT 1947 provides an important “code” of rules applying to government actions which regulate international trade. The basic purpose of the GATT is constrain governments from imposing or continuing a variety of measures which restrain or distort international trade. Such measures include tariffs, quotas, internal taxes and regulations which discriminate against imports, subsidy and dumping practices, state trading, as well as customs procedures and a plethora of other “non-tariff measures” which discourage trade.

The basic objective of the rules is to “liberalize trade” so that the market can work to achieve the policy goals outlined in chapter 1.

The GATT has a number of exceptions, such as those for national security, health and morals, safeguards or escape clauses (for temporary restraint of imports), free trade agreements, and the like, plus a “waiver” power.

The WTO annex 1A incorporates a document entitled GATT 1994, which is essentially GATT 1947 as amended and changed through the Uruguay Round, along with all

the ancillary agreements pertaining to GATT 1947, as modified.

The Regulation of Dumping

Escape clause actions are taken for purposes of adjustment to imports, which come about through the natural application of liberal trade policies; whereas AD duties and CVD are designed to counteract foreign measures which are considered in some sense “unfair” or “market distorting.”

Certain international trade practices are undesirable and should be regulated. The basic idea behind such rules is sometimes expressed as a desire to create a level playing field where the producers of the world all have an equal chance to compete.

Application of the major statutes on unfair trade practices, such as dumping and subsidization, is characterized, particularly in the U.S., by complex rules and proceedings and by extensive involvement of lawyers and courts.

International Rules on Dumping

GATT Article VI deals with both AD and CVD. However this article is relatively brief and says little about many of the procedural and substantive issues that arise in AD and CVD cases. Thus, in 1967, the Antidumping Code was signed.

One key fact about Article VI and GATT regulation of dumping is that the GATT does not forbid dumping; it only authorizes, as an exception to other GATT obligations, the imposition of AD duties to offset dumping if the dumping causes material injury to a domestic industry.

Conclusion:

Today the world has become a small place to live in and business or trade has acquired a different and very vast meaning than the limited meaning that it had in the past. Today trade encompasses almost every aspect of our

lives and has its impact on everything that we do. One, therefore needs to examine “Trade” in depth and this study is an effort to perform this as one of the objectives. Trade has now become global and International Trade has now come in vogue, nowadays people are not happy or satisfied with domestic trade, import - export i.e. International Trade is of a much greater aspiration.

The world is getting a smaller and smaller planet now and looking to the speed at which distances are in effect lessening and International Trade is increasing by the minute, it is highly desired to examine the effects of Globalisation on such trade. One needs to understand whether there are only positive effects of Globalisation on International Trade or there are certain negatives as well.

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3

PREDICTING CORPORATE FINANCIAL DISTRESS USING COMPOSITE RULE INDUCTION SYSTEM

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Abstract

The economic repercussion of corporate failure is huge, especially in the case of stakeholders belonging to the public sector companies. The firm's financial status is often distressed before a corporate failure actually happens. As a result, finding a method to identify corporate financial distress as early as possible is clearly a matter of a lot of interest to the investors, creditors, auditors and other stakeholders. In order to get the rules for envisage corporate financial distress in India this study applies a composite rule induction system (CRIS; Liang 1992). Further, this study compares the prediction performance of CRIS, neural computing and the logit model. In predicting financial distress, the empirical results from this study indicate that both CRIS and neural computing outperform the logit model. Although both CRIS and neural computing perform rather well, CRIS has the advantage that the derived rules are easier to understand and interpret.

Keywords: Corporate financial distress, Neural computing, Machine learning, Composite rule induction system

Introduction

The corporate failures' economic consequences are enormous, especially for the stakeholders of public-held companies. Prior to a corporate failure, the firm's financial status is frequently in distress. Consequently, finding a method to identify corporate financial distress as early as possible is clearly a matter of considerable interest to creditors, investors, auditors and other stakeholders. The significance of this issue has stimulated a lot of research concerning the prediction of corporate bankruptcy or financial distress. These studies often used the statistical approach or iterative learning approach to develop prediction models.

The statistical approach includes discriminant analysis, regression analysis, logit analysis or probit analysis and usually requires that the data follow certain distributional assumptions to generate robust results (Beaver 1966, Altman 1968, Beaver 1968, Deakin 1972, Aharony et al. 1980, Ohlson 1980, Zmijewski 1983, Platt & Platt 1990, Hill et al. 1996, Clark et al. 1997, Mossman et al. 1998). Although financial data and ratios rarely have a normal distribution, rank transformation of data has been shown to be

useful to make the models less sensitive to non-normal distributions. Kane et al. (1998) apply rank transformation to financial ratios and the results indicate an improvement in predicting corporate failure. Iterative learning models, on the other hand, are free from distribution constraints because they are based on criteria other than sample mean and variance (Frydman et.al. 1985, Messier & Hansen 1988, Odom & Sharda 1990, Liang 1992, Tam & Kiang 1992, Hansen et.al. 1993, Wilson & Sharda 1994, Lee et.al. 1996).

Iterative learning models refer to the process of training computers to derive rules or to develop algorithms from existing cases. Several iterative learning methods have been developed, including neural computing and inductive learning systems. Neural computing uses artificial neural networks (ANN) to emulate a human's biological neural network and to develop algorithms from the given samples (cases), whereas an inductive learning system derives rules. Prior research indicates that neural computing outperforms statistical models in predicting business failure (Odom & Sharda 1990, Tam & Kiang 1992).

ID3 (Quinlan 1979) is an inductive learning system and is more effective than discriminant analysis in predicting bankruptcy and loan default (Messier & Hansen 1988). However, ID3 did not outperform statistical models in other studies (Tam & Kiang 1992, Liang et.al. 1992, Hansen et.al. 1993). The rule induction mechanisms of ID3 process nominal and non-nominal variables in the same way without considering their different characteristics. In addition, the probability assessments for the rules are typically based on the frequency of occurrence in the training data set. Consequently, Liang (1992) proposed a composite rule induction system (CRIS) to overcome these drawbacks.

This study uses CRIS to derive rules for predicting corporate financial distress in India. In addition, the study compares the prediction performance of CRIS, neural computing and the logit model. Another section discusses prior research dealing with the prediction of corporate financial distress, which suggested the methods used in the present study.

Prediction of Corporate Financial Distress

Statistical Models

Numerous research projects have been conducted to identify early warning indicators of corporate financial distress. In the 60's, researchers used statistical models to identify financial ratios that could classify companies into failure or non-failure groups. The statistical approach includes univariate and multivariate models. A pioneering study conducted by Beaver (1966) used a dichotomous classification test to identify financial ratios for the prediction of corporate failure. He used 30 financial ratios and 79 pairs of companies (failure/non-failure). The best discriminant factor was the working capital/debt ratio, which correctly identified 90 percent of the firms one year prior to failure. The second best discriminant factor was the net income/total assets ratio, which had 88 percent accuracy. Subsequently, there have been relatively few studies using the univariate model for bankruptcy prediction, and researchers overwhelmingly used multivariate models instead.

Altman (1968) was the first researcher to develop a multivariate statistical model to discriminate failure from non-failure firms. This study used multivariate discriminant analysis (MDA), and the initial sample was composed of 66 firms with 33 firms in each of the two (failure/non-failure) groups. The five financial ratios used in his MDA model were working capital/total assets, retained earnings/total assets, earning before interest and tax/total assets, market value of equity/book value of total liabilities, and sales/total assets. The model was extremely accurate in classifying 95% of the total sample correctly one year prior to failure (-1 year), but misclassification of failed firms increased significantly as the prediction time increased (28% at -2 years, 52% at -3 years, 71% at -4 years).

Martin (1977) used the logit model for bank failure prediction. Subsequently, Ohlson (1980) also used the logit model to predict business failure with a sample of 105 bankrupt

firms and 2,058 non-failing firms. The nine financial ratios included in the model were the firm size (log of a price-level deflated measure of total assets), total liabilities/total assets, working capital/total assets, current liabilities/current assets, a dummy variable indicating whether total assets were greater or less than total liabilities, net income/total assets, funds from operation/total liabilities, another dummy variable indicating whether net income was negative for the last two years and change of net income. Ohlson used a relatively unbiased sampling procedure because the failure/non-failure ratio in his study was more realistic. However, the model did not perform as well as MDA, which suggested that previous researchers might have overstated the discriminatory power of their models (Morris 1997).

Zmijewski (1984) examined the "choice-base" sample bias and "sample selection" bias typically faced by financial distress researchers. Contrary to the common 1:1 failure/non-failure matching, he used the probit model on six sets of data where the ratio of failure/non-failure varied from 1:1 to 1:20. The results indicated that the choice-based sample bias decreased as the failure/non-failure ratio approached the population probability. In addition, with regard to the sample selection bias, the results indicated a significant bias existed in the majority of the tests conducted. However, for both issues, the results did not indicate significant changes in overall classification and prediction rates.

Neural Computing

Neural computing has generated considerable research interest and has been applied in various areas, including the prediction of corporate bankruptcy or financial distress. Neural computing is a computer system that consists of a network of interconnected units called artificial neurons (AN). ANs are organized in layers inside the network. The first layer is the input layer, and the last is the output layer. Hidden layers exist between the input and output layers, and

there can be several hidden layers for complex applications. Computer programs process the training sample to identify the relationships between input and output data. Neural computing is more adaptive to the real world situation because it is not subject to distribution constraints. This advantage makes neural computing an appealing tool for developing prediction models because the variance-covariance matrices of failed/non-failed firms are often not equal, and financial data seldom follow the multivariate normal distribution, each of which is a violation of the MDA assumptions.

Odom and Sharda (1990) used the same financial ratios employed by Altman (1968) and applied ANN to a sample of 65 failed and 64 non-failed firms. The training sample comprised 38 failed and 36 non-failed firms. A three-layer neural network was created with five hidden nodes. Their model correctly identified all failed and non-failed firms in the training sample, compared to 86.8% accuracy by MDA. Regarding the performance with holdout samples, ANN had an accuracy rate of 77% or higher, whereas MDA could hit the target only between 59% and 70%. Subsequently, several studies also revealed that ANN outperformed other prediction models (Hansen & Messier 1991, Salchen berger et al. 1992, Tam & Kiang 1992, Coats & Fant 1993, Hansen et al. 1993, Altman et al. 1994, Wilson & Sharda 1994).

Inductive Learning Systems

ID3 is a relatively simple mechanism for discovering a classification rule from a collection of objects belonging to two classes (Quinlan 1979). Each object must be described in terms of a fixed set of attributes, each of which has its own set of possible values. An object is classified by starting at the root of the decision tree, finding the value of the tested attribute in the given object, taking the branch appropriate to that value, and continuing the process until a leaf is reached. Inductive learning system uses entropy to measure the values of each attribute

and then derives rules through a repetitive decomposition process that minimizes the overall entropy. Messier and Hansen (1988) used ID3 to derive prediction rules from loan default and corporate bankruptcy cases. The loan default training sample contained 32 firms with 16 in each group (default or non-default). In the corporate bankruptcy case, the training sample contained 8 bankrupt and 15 non-bankrupt firms. For the holdout samples, the rules derived ID3 correctly classified the bankrupt/non-bankrupt firms with perfect accuracy and 87.5% accuracy for the loan default.

The recursive partitioning algorithm (RPA) is a non-parametric classification technique. The method starts with the sample data, their financial characteristics, the actual group classification, the prior probabilities, and the misclassification costs. A binary tree is built where a rule is derived for each node. The rule is based on a single variable, which can easily explain the failure of a firm (Cronan et al. 1991). Frydman et al. (1985) used a sample of 58 failed firms along with 142 non-failed firms to derive prediction rules. The empirical results of their study indicated the RPA model outperformed MDA. The goal of their study was to minimize the expected cost of misclassification, whereas the objective of Messier and Hansen's (1988) study was to minimize the number of misclassifications. However, RPA has two disadvantages (Zopounidis & Dimitras 1998). First, it is a forward selection method and the same variable can be used again in the classification rule at a later stage with a different cut-off value. Second, continuation of partitioning processes can result in a tree where every single firm is correctly classified by one terminal node and may have the problem of overfitting.

Although prior research indicated that inductive learning systems outperformed statistical models, Liang (1992) pointed out that the algorithms had several limitations. The limitations included lower accuracy

for real number data, lower efficiency for larger samples, difficulty in assessing the probability associated with rules, and a single algorithm for both nominal and non-nominal attributes. Consequently, Liang proposed a composite rule induction system (CRIS) to overcome these drawbacks and applied CRIS to a bankruptcy data set containing 50 cases. Each case included four nominal and five non-nominal attributes. Twelve experiments were conducted and the data set was randomly divided into a training sample and a holdout sample. The results indicated that CRIS had the highest accuracy (80.8%) followed by ANN (78.3%) in bankruptcy prediction. Both CRIS and ANN outperformed MDA (75.8%).

This paper applies CRIS to derive rules for predicting corporate financial distress in India. In addition, it performs an empirical comparison of predictive capability among CRIS, neural computing and the logit model.

Methodology

Financially Distressed Companies

Although numerous (especially small) business firms in India went bankrupt or had financial distress, their financial data are often unavailable. Consequently, this study uses the data from the National Stock Exchange (NSE). The Trading Code #46 of NSE specifies the conditions of a financially distressed company, which include bankruptcy, reorganization and default. The financial statements of financially distressed companies per NSE Trading Code are listed in a special database, which can be easily identified.

Classification Accuracy

Table 1 explains the determination of classification accuracy in this paper. P11 denotes the probability of a normal company being correctly classified, whereas P22 denotes the probability of a financially distressed company being correctly classified. On the other hand, (classification) Type I error refers to the probability that a

financially distressed company is mistakenly classified as normal ($1 - P22$) and Type II error represents the probability that a normal company is mistakenly classified as financially distressed ($1 - P11$). The overall classification accuracy (P) is the probability that companies are correctly classified as either normal or financially distressed. To our knowledge, there has been no research dealing with the misclassification cost of Type I and Type II errors in India. Consequently, similar to previous studies (Messier & Hansen 1988, Liang 1992), the objective of this paper is to minimize the number of misclassifications.

Table 1: Classification accuracy table.

	Classified as normal company	Classified as financially distressed company
Actual normal company	P11	$1 - P11$
(Type II error)		
Actual financially distressed company	$1 - P22$	
(Type I error)	P22	

Data Collection

There have been only a few financially distressed companies on NSE after 1985. Most financially distressed companies on NSE had financial problems during the period between 1981 and 1985. Twenty-eight companies were in financial distress during the above period but complete financial data are available for only 19 firms. To control the unwanted bias, a distressed firm was matched with a normal one according to industry and firm size. In addition to the 1:1 matched sample (38 firms), this study also attempted to create a 1:2 matched sample. Due to the high concentration in some industries, four

distressed firms were not matched with the second normal firms of similar size. Therefore, 53 firms were included in the second training sample (19:34).

Financial Ratios

The usefulness of financial ratios and cash flow data for bankruptcy prediction is substantial in comparison with the use of market return data (Mossman et al. 1998). Furthermore, the model using financial ratios from the year immediately preceding bankruptcy has the best results. Consequently, this paper uses financial data of one year prior to financial distress to induce rules. Prior researchers have identified financial ratios (of corporate America) for bankruptcy prediction or financial distress prediction. However, due to the possible differences of firm characteristics between corporate America and NSE firms, this paper uses fourteen financial ratios commonly included in the financial filing with NSE. This paper then examines the explanatory capability of these financial ratios using step-wise regression and selects five variables for the final model. These five variables are total liabilities/total assets, quick assets/current liabilities, sales/fixed assets, margin/ sales and cash dividend per share.

Models

The rule induction mechanism of CRIS is composed of three major components: 1) a hypothesis generator that determines hurdle values and the proper relationship between dependent and independent attributes, 2) a probability calculator that determines the probability associated with each rule, and 3) a rule scheduler that determines how candidate rules should be organized to form a structure. The construction process includes the following steps:

1. The training data containing non-nominal independent variables and nominal dependent variables are entered.
2. Different algorithms are used for hypothesis generation based on

3. The hypotheses are converted to candidate rules by assessing their probabilities and making necessary modifications.
4. The resulting candidate rules are evaluated and selected to form a decision structure that can interpret the existing cases and facilitate future prediction.

This paper also uses PC Neuron to construct ANN. The input layer has five process units and the output layer has two process units. Although the optimal number of process units for the hidden layer is determined by trial and error, a general rule of thumb is the average number of the input and output process units. Therefore, in the present study, there are three process units in the hidden layer.

Model Validation

If the training sample is not a fair representation of the problem domain, the resulting classification error rate can be misleading (Hansen et al. 1993). Some studies used the same training data for model validation after the models were constructed. As a consequence, the misclassification rate would be very low and there may exist the problem of over-fitting. One solution to this problem is to construct the model from the training sample and use a holdout sample for validation. Furthermore, the researcher can use the holdout sample from a latter period to test how robust discriminatory power is over time (Joy & Tollefson 1975). Unfortunately, a post holdout sample is not available in India due to the fact that NSE has only a few financially distressed firms after 1985.

The validation is performed in three steps. First, all data are used for both model construction and model validation (i.e., no holdout sample). The results facilitate examining the possibility of over-fitting. Second, similar to prior research (Liang

1992), this study repeats the experiment 20 times and the average accuracy percentage is computed. In each experiment, thirteen financially distressed firms are randomly selected into the training sample and the remaining six firms are treated as the holdout sample. Accordingly, the matched normal firms are assigned into the training and holdout samples, respectively. Finally, the jackknife method (Lachenbruch 1967) is also used for model validation. The following hypotheses are tested.

- H1: There is no significant difference in classification accuracy between CRIS and the logit model.
- H2: There is no significant difference in classification accuracy between ANN and the logit model.
- H3: There is no significant difference in classification accuracy between CRIS and ANN.

Empirical Results

Classification Accuracy

The comparison of classification accuracy across models of various studies may not be meaningful if the financial ratios and data are different. Table 2 presents classification accuracy among CRIS, neural computing and the logit model when all data are used in the training sample (i.e., no holdout sample). All three models perform well with accuracy of at least 89%. The overall accuracy consistently improves for all three models when the sample size is increased from 38 firms (19:19) to 53 firms (19:34). The logit model has the best performance (94.34%) with 53 firms in the training sample. Nonetheless, this might be the over fitting as a result of using the same data for model validation.

Table 2: Classification accuracy with no holdout sample.

Matched sample (distressed firms: normal firms) = 19:19			
Model	Financially Distressed	Normal Companies	Overall
CRIS	89.74%	94.74%	92.11%
ANN	89.74%	89.47%	89.47%
Logit model	88.74%	89.47%	89.47%
Matched sample (distressed firms: normal firms) = 19:34			
Model	Financially Distressed	Normal Companies	Overall
CRIS	89.74%	94.12%	92.45%
ANN	89.74%	94.12%	92.45%
Logit model	94.47%	94.12%	92.45%

Table 3 indicates that both CRIS and neural computing outperform the logit model when holdout samples are used. Again, all three models consistently improve their overall accuracy when the sample size is increased. The increase of sample size significantly improves the accuracy of classifying normal firms. It appears that CRIS is the only model whose Type I error probability is consistently lower than that of Type II error.

Table 3: Classification accuracy with 20 experiments.

Matched sample (distressed firms: normal firms) = 19:19			
Model	Financially Distressed	Normal Companies	Overall
CRIS	9.88%	83.33%	89.58%
ANN	86.76%	89.27%	87.92%
Logit model	79.23%	86.76%	82.92%

Matched sample (distressed firms: normal firms) = 19:34			
Model	Financially Distressed	Normal Companies	Overall
CRIS	94.17%	94.18%	92.13%
ANN	95.00%	94.55%	94.72%
Logit model	83.33%	93.21%	89.74%

Table 4 presents the results using the jackknife method. Again, both CRIS and neural computing outperform the logit model. Although the logit model has the highest accuracy in predicting corporate financial distress, it also has the highest Type II error. The results also indicate a positive effect on the overall classification accuracy as the sample sizes increased.

Table 4: Classification accuracy using the jackknife method.

Matched sample (distressed firms: normal firms) = 19:19			
Model	Financially Distressed	Normal Companies	Overall
CRIS	89.74%	84.32%	86.84%
ANN	84.12%	89.39%	86.84%
Logit model	78.76%	84.19%	81.58%
Matched sample (distressed firms: normal firms) = 19:34			
Model	Financially Distressed	Normal Companies	Overall
CRIS	89.54%	94.18%	92.45%
ANN	89.54%	94.18%	92.45%
Logit model	94.79%	88.29%	88.68%

Comparison Among Models

The Wilcoxon rank test is performed to

examine any significant difference between the models. The results (Tables 5, 6 and 7) indicate that CRIS outperforms the logit model in both cases (34-firms sample and 53-firms sample), while neural computing outperforms the logit model only with the 53-firms sample size. It appears that there is no significant performance difference between CRIS and neural computing.

Table 5: Comparison of CRIS and the logit model.

	Distressed firms: normal firms = 19:19	Distressed firms: normal firms = 19:34
$\overline{\sum R_i}$	-84	-46
$\sum R_i^2$	1430.5	343
$T = \frac{\sum R_i}{\sqrt{\sum R_i^2}}$	-2.22 Pr = 0.0132*	-2.48 Pr = 0.0066*

*CRIS significantly outperforms the logit model.

Table 6: Comparison of ANN and the logit model.

	Distressed firms: normal firms = 19:19	Distressed firms: normal firms = 19:34
$\overline{\sum R_i}$	-38	-55
$\sum R_i^2$	1695.5	343
$T = \frac{\sum R_i}{\sqrt{\sum R_i^2}}$	-0.92 Pr = 0.1788	-2.497 Pr = 0.0015*

*ANN significantly outperforms the logit model.

Table 7: Comparison of CRIS and ANN.

	Distressed firms: normal firms = 19:19	Distressed firms: normal firms = 19:34
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$\overline{\sum R_i}$	-14	3
$\sum R_i^2$	267	4.5
$T = \sum R_i / \sqrt{\sum R_i^2}$	-0.86 Pr = 0.1949	1.42 Pr = 0.9222

Conclusion

It is important to understand the early warning indicators and implications of corporate financial distress. If the stakeholder can predict a company is on its way to a financial distress, he/she can take a necessary action in time. Similarly, it is vitally important for an auditor to be able to assess whether or not a company is a going concern in preparing the audit report (Morris 1997). The significant consequence of corporate financial distress has generated a lot of research interest and numerous methods have been applied to develop prediction models.

This paper used CRIS to derive rules for the prediction of corporate financial distress in India. Using step-wise regression, this study identified five financial ratios—total liabilities/total assets, quick assets/current liabilities, sales/fixed assets, margin/sales and cash dividend per share—that could effectively predict a financial distress. Then, it applied CRIS and ANN to develop the financial distress prediction model using these five financial ratios. The empirical results indicate that both CRIS and ANN outperform the logit model. Although both CRIS and ANN perform rather well, CRIS has the advantage that the derived rules are easier for humans to learn (the rules derived by CRIS are shown in the Appendix).

Due to the limitations of NSE data, this paper used only 20 financially distressed firms. Accordingly, the results may be qualified as a consequence of the small sample size (Liang et al. 1992, Bhattacharyya & Pendharkar 1998). Furthermore, since the best prediction model of machine learning is identified through iterative cycles, the results reported

in this paper do not provide any conclusive statements regarding the performance of CRIS and ANN. As explained earlier, the comparison of classification accuracy across models may not be meaningful if the financial ratios and data are different. The purpose of this paper is not to identify “the” model. Instead, this paper attempts to apply an effective tool to assist stakeholders in predicting corporate financial distress in India. More studies are needed to continue this learning process. In many cases, the prediction accuracy can be improved by inventing a more appropriate set of features to describe the available data (Mitchell 1999).

There have been reasons to search for machine learning programs that will avoid the inefficiencies of human learning (Simon 1983). Indeed, humans do not outperform machine learning when adequate historical data are available (Kattan et.al. 1993). The process of knowledge acquisition using interviews or protocol analysis can be time-consuming and ineffective. An effective rule induction system can assist knowledge engineers in identifying knowledge by collecting previous cases solved by experts and identifying attributes that are relevant for decision-making. Advances in machine learning have made it possible to apply effective tools to a variety of business problems in order to extract extra information from existing data. Researchers can apply an effective inductive system such as CRIS to solve other business problems. Subsequent studies can also incorporate the prior probability of financial distress and misclassification costs to improve the generalization of the research results.

Appendix: Rules Derived by CRIS

From 1:1 MATCHING

If Gross Margin/Sales \geq 31.8818
Then BANKRUPTCY = YES with probability = 0.86

If Liability Ratio \geq 69.3450
Then BANKRUPTCY = YES with probability = 0.84
..
If FA Turnover \geq 3.2517
Then BANKRUPTCY = NO with probability = 0.76
..
If Gross Margin/Sales \geq 27.5881
Then BANKRUPTCY = YES with probability = 0.70
..
If Liability Ratio $<$ 61.0398
Then BANKRUPTCY = NO with probability = 0.88
..
If Liability Ratio $<$ 67.0905
Then BANKRUPTCY = NO with probability = 0.82
..
If Liability Ratio \geq 67.0905
Then BANKRUPTCY = YES with probability = 0.82
..
The structure misclassifies the following in 38 input cases: #6 17 36

From 1:2 Matching

If Liability Ratio $<$ 64.7217
Then BANKRUPTCY = NO with probability = 0.85
..
If Per Cash dividend \geq 0.2549
Then BANKRUPTCY = NO with probability = 0.88
..
If Current Ratio $<$ 18.4393
Then BANKRUPTCY = YES with probability = 0.61
..
If Gross Margin/Sales $<$ 0.1514
Then BANKRUPTCY = YES with probability = 0.65
..
If Liability Ratio \geq 71.3438
Then BANKRUPTCY = YES with probability = 0.88
..
If Liability Ratio $<$ 66.4588

Then BANKRUPTCY = NO with probability = 0.83

..

If Liability Ratio >= 66.4588

Then BANKRUPTCY = YES with probability = 0.83

..

The structure misclassifies the following in 53 input cases: #10 11 37 51

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BIG DATA: TECHNOLOGICAL ADVANCEMENT IN THE FIELD OF DATA ORGANIZATION

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Abstract

In this paper we will be discussing about Big data and what it is all about. Growing demand for online services is rapidly increasing. Now days large amount of data has been generated from various sources and this data need to be store and organised for proper usable. In Big Data the size of Data or File is at least minimum 1 Terabyte. So the Amount of time requires opening such files to open it is 10 minute or 5 minutes respectively and storage of such file take lot of amount of time. These are the type of problems which arises here while opening such a huge amount of data. The configuration of a machine also plays a vital role in processing such data. So just think how many challenges you are going to face while opening such files leave a part that you want to do analysis on it. In such situations the concepts which comes to a picture is Hadoop.

Keywords: Hadoop, Dig data, Terabytes, Storage, Access, Data Size, Analysis, Configuration, Apache Hadoop, Map Reduce, HDFS

Introduction

In Today's IT world, every day large amount of data is being generated from various sources. It is said that 90% of world data is being generated in last two years and this accerated trend will be continue. All this data is coming from smart phones, social networking, trading Platforms, machines and remain other sources and the questions is that weather we are going to use it or not. In early 2000 the companies like Google was having large quantity of data was simply too large to pump through single database. Such companies paid large amount to their respective database vendors. This problem was been faced by large IT companies. Company like Google first started storing all this data in Distributed File system and started store this data on distributed file system .The problem which Google starting facing was that data updating was being done manually.

One of the largest technological challenges in software systems research today is to provide mechanisms for storage, manipulation, and information retrieval on large amounts of data. Web services and social media produce together an impressive amount of

data, reaching the scale of petabytes daily (Facebook, 2012).

These data may contain valuable information, which sometimes is not properly explored by existing systems. Most of this data is stored in a non-structured manner, using different languages and formats, which, in many cases, are incompatible (Bakshi, 2012; Stonebraker et al., 2010).

Take, for instance, Facebook, which initially used relational database management systems (DBMS) to store its data. Due to the increasingly large volume of information generated on a daily basis (from a 15TB dataset in 2007 to a 700TB dataset in 2010) (Thusoo et al., 2010), the use of such infrastructure became impracticable. Especially because, most of its data is unstructured, consisting of logs, posts, photos, and pictures. One of the Face book's largest cluster holds more than 100 PB of data, processing more than 60,000 queries a day (Facebook, 2012). Having achieved in September 2012 more than 1 billion active users, Face book may be considered one of the largest and most valuable social networks.

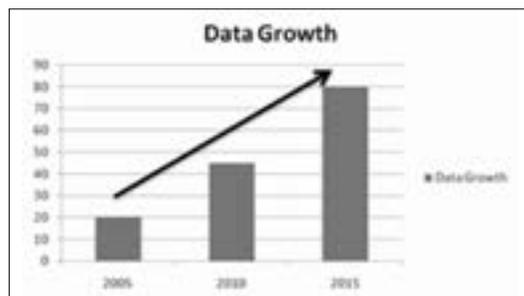
Companies holding large amounts of user data started to be evaluated not just by their applications but also by their datasets, specially the information that can be retrieved from them. Big companies like Google, Facebook and Yahoo have an aggregate value not only for their provided services but also for the huge amount of information kept. This information can be used for numerous future applications, which may allow, for example, personalized relationships with users.

Data storing was done manually in Distributed file system so Google started looking for mechanism through which data can be updated automatically that's why Google written a white paper known as Google Distributed File system on the other hand a person named as Dough Cutting who is came from search background was also working on the same frame work. He invented losing search engine which is used in java environment. Dough Cutting read the white paper and started implementation of that in 2002 and 2003 .On the other hand yahoo was keeping eye on this situation. Yahoo hired Dough Cutting and told him to fully implementation .He took two years to do complete implementation. Yahoo

implemented Hadoop as a Framework in its environment. Later Yahoo Gave Framework to apache and it became full fledged

Big Data

Big Data is a collection of huge amount of data that is large in nature and complex in processing using on hand database management tools or traditional data processing application like dbms, rdbms or Sql file. Now the bar graph show below shows the percentage growth in terms of data generation.



As we are talking about big data there are various types of data

- Structured Data
- Unstructured Data
- Semi-structured Data

Structured Data

Structured data is information, usually text files, displayed in titled columns and rows which can easily be ordered and processed by data mining tools. This could be visualized as a perfectly organized filing cabinet where everything is identified, labelled and easy to access. Most organizations are likely to be familiar with this form of data and already using it effectively

Unstructured Data

Unstructured data is raw and unorganized and organizations store it all. Ideally, all of this information would be converted into structured data however; this would be costly and time consuming. Also, not all types of unstructured data can easily be converted into a structured model. For example, an

email holds information such as the time sent, subject, and sender, but the content of the message is not so easily broken down and categorized. This can introduce some compatibility issues with the structure of a relational database system

Semi-structured Data

Semi-structured data is data that has not been organized into a specialized repository, such as a database, but that nevertheless has associated information, such as metadata, that makes it more amenable to processing than data

II. Hadoop Map Reduce Methodology

Hadoop helps in saving large files with the help of distributed file system and helps to do Analytics on the top of it with the help of Google map reduce algorithm implementation

Map Reduce is a framework using which we can write applications to process huge amounts of data, in parallel, on large clusters of commodity hardware in a reliable manner. Now moving few years back we came across that somewhere around 70's and 80's we all were using transaction systems where we were using traditional databases we had fix , schemas fix with tables fix rows at relational database level. People know that what a kind of data store is and what kind of application they have to build on top of it. This went on 2000 and 2002. Application like facebook and tweeter came and started generating unstructured data. In structured we know what the table will look like, how rows will look like and so on. In unstructured data the data is categories in various formats consisting of audios, images, textual. So the data was unstructured and size was very large and it was growing.

IBM also developed his own definition of BIG data. Define the concept into FOUR V's different parameters.

- Volume
- Varsity
- Velocity
- veracity

Volume: define the scale of data .IBM says size of data is increasing and it will be double with respect to time

Variety: Means various forms of data. Which include audios, videos, post, and images?

Velocity: The speed at which data is generating is huge and need to do speedy analytics

Veracity: how you know that data is genuine and results are right which are generated from the current data

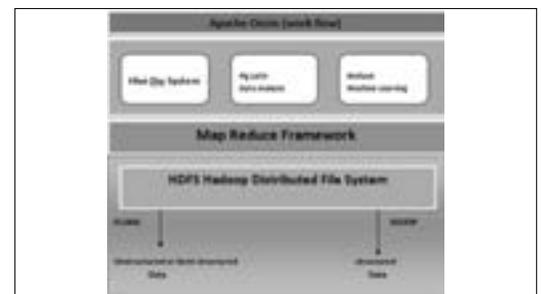
Limitation of Exiting Solutions

- Fixed of Scheme
- Cost
- Saving huge files and accessing them
- Perform Analytics

III.Hadoop Ecosystem

A Hadoop ecosystem not only consist of Distributed file system and Map reducing Algorithm but also helps in saving files. Distributed file system helps to save such big file and map reducing algorithm helps to do analytics on top of it. All that done in very speedy way. It is cost effective and come free of cost

Hadoop can be defined as Open Source Management system



Hadoop Architecture

Apache Hadoop is an open-source software framework for storage and large-scale processing of data-sets on clusters of commodity hardware. There are mainly five building blocks inside this runtime environment (from bottom to top): the cluster is the set of host machines (nodes).

Components of Hadoop Architecture

Apache Oozie

Apache Oozie is the tool in which all sort of programs can be pipelined in a desired order to work in Hadoop's distributed environment. Oozie also provides a mechanism to run the job at a given schedule.

Hive DW System

Hive DW components is somewhere equal to data warehouse but a difference with it uses portion of data whereas data whereas Hive Dw uses entire set of data

Pig Latin Data Analysis

Apache Pig is an abstraction over Map Reduce. It is a tool/platform which is used to analyze larger sets of data representing them as data flows. Pig is generally used with Hadoop. we can perform all the data manipulation operations in Hadoop using Pig.

Mahout Machine Learning

It is a Artificial intelligent kind of search engine.

Apache Mahout is an open source project that is primarily used in producing scalable machine learning algorithms. It works in the following manner suppose you are search online to buy new gadget say laptop you browse various web sites to see the product now without purchasing you close website and next day to browse again for any other work so while working online you will see the previous day data which you browsed might be suggesting you. Now Mahout comes to a picture it influence you to buy that product

which you have not done in previous day.

Now these three chunks of block built a layer of abstraction on top of Mapreduce and HDFS

HDFS holds very large amount of data and provides easier access. To store such huge data, the files are stored across multiple machines. These files are stored in redundant fashion to rescue the system from possible data losses in case of failure. HDFS also makes applications available to parallel processing.

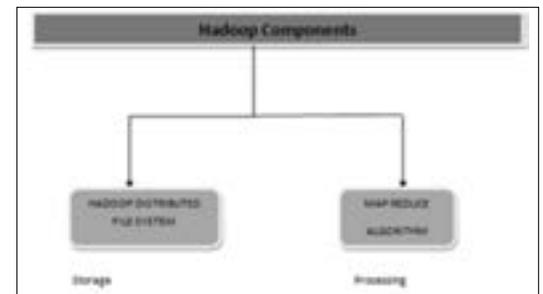
Features of HDFS

- It is suitable for the distributed storage and processing.
- Hadoop provides a command interface to interact with HDFS.
- The built-in servers of name node and datanode help users to easily check the status of cluster.
- Streaming access to file system data.
- HDFS provides file permissions and authentication.

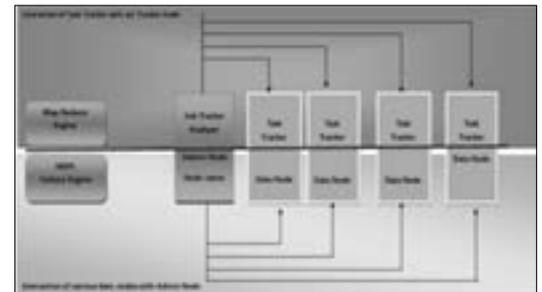
Flume: It is a framework which provides to store unstructured data which is continuously generated from Applications LinkedIn, facebook in form of videos, audios, posts etc. So Flume pulls data from that system and stores it in Hadoop.

SQOOP: is a Framework. When you are doing big data implementation by using hadoop .Most of the time your transactional data is in old system and you want to pull that data from old system to hadoop distributed file system. Sqoop helps to do that. It proves very simple interphase it pulls data from RDBMS and stores it in hadoop implementation.

These two frameworks not only help to pull the data from systems but also push the data back to the systems.



HDFS helps to store whereas Mapreduce helps to performs analytics on data. Below Diagrams shows how various components interact logically with one another.



HDFS with Map Reduce

In a typical collection of machine there will be one heavy duty server called as Admin Node and list of commodity machines spread across clusters. Admin node is divided into two parts

Job tracker and Name node.

Name node directs correlates HDFS part of it. Name node on admin node manages everything from sorting managing and accessing these huge Big Data files. Now these files are directly correlated with data nodes with respect to Admin node each node. So the other part of Admin node technology consists of Job tracker. Whose job is to manage map reduce algorithms implementations, they both runs at the admin node levels. A typical Admin machine is a heavy duty machine with 64 GB of RAM machine.

Now moving towards commodity machines these are those machines which are used in save data on distributed systems. These types of machines are divided into two type

Data Node and Task tracker. Data node is responsible for distributed file system aspects whereas task tracker is use for map reducing algorithm implementation.

Hadoop solves limitation of existing solutions

Now lets analysis how Hadoop solve the limitation of the existing solutions like RDBMS based data ware housing solutions

- It helps to save large files : large files whose size is in Zeta byte can be saved using HDFS
- Maps reduce Framework helps to do Analytics on the entire set of data. It's not like data warehouse where a part of data is being use. Map Reduce provide analytics on whole data.
- Hadoop takes less time to do Analytics while in data warehousing it takes lot of time.
- Scale out Architecture: since it is a Scale out architecture you can change the amount of time take to do processing. Suppose in a cluster you have got one name node and 30 commodity machines and your 1 zeta byte taking 2 hours to perform analytics on top of it. If you increase number of commodity machines says 50 then the amount of time would be just half to perform analytics. So you keep on scaling out or increasing commodity machines the entire computational time will keep on

decreasing that's how Hadoop solves this problem.

Big data is a huge complex set of data where the challenge is not only to save the data but also to read, browse and cache and do meaningful analytics on top

The existing solution like data warehousing built on top of RDBMS have challenge with respect to storing and accessing Big data.

Hadoop is an open frame work meant for analytics using HDFS as the storage mechanism and Map reduce as an analytic platform

Hadoop provide solution for storing data on HDFS and doing analytics using Map reduce on the entire set of data.

Conclusion

The Hadoop Distributed File System (HDFS) is a distributed file system designed to run on commodity hardware. Hadoop is designed to run on cheap commodity hardware, It automatically handles data replication and node failure, It does the hard work – you can focus on processing data, Cost Saving and efficient and reliable data processing. It has many similarities with existing distributed file systems.

However, the differences from other distributed file systems are significant.

HDFS is highly fault-tolerant and is designed to be deployed on low-cost hardware. HDFS provides high throughput access to application data and is suitable for applications that have large data sets. HDFS relaxes a few POSIX requirements to enable streaming access to file system data.

HDFS was originally built as infrastructure for the Apache Nutch web search engine project. HDFS is part of the Apache Hadoop Core project

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EMPIRICAL ANALYSIS OF THE COMMON PEOPLE'S ACCEPTANCE AND LITERACY OF THE TECHNOLOGICAL ADVANCEMENTS IN BANKING WITH SPECIAL REFERENCE TO GHAZIABAD

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Abstract

In view of recent decisions of the Government, India is on the cusp of a major financial revolution. As we shift from a cash-dependent to a cashless economy, we look forward to better social equity, availability of more resources for development work through higher revenue collection, eradication of counterfeit currency, a reduction in illegal transactions and a curb on black money.

But there are few hindrances which need to be taken care of. People are not very literate about the Innovations in banking system like M Banking or mobile Apps of all the banks. To top all the hindrances Demonetization has taken the lead. After having less cash in the pocket common mass is absolutely clueless about the way their life is taking a turn. It is not that demonetization is a wrong move but the effect of it is getting tough on those who are financially illiterate.

Through this paper it has been brought to light that the common people are really illiterate when it comes to financial literacy irrespective of all the formal education they have received. There should be a rigorous exercise by the Government and its representatives.

Keywords: Financial Inclusion, Financial Literacy, Banking, Innovation, Government Policy

Introduction

India has taken a quantum leap in terms of economy. We are the witness of the change but our next generation is the bearer of change. When economy needs to grow it has to see some smooth movements of banking, banking literacy, savings, investment, spending and about knowing the difference between expenditure and investment. Moreover to know and practice the nuances of all these economic concepts a person has to be economic literate. These concepts are the pillars and wheels of economy which keeps the economy strong and moving. For all aspects of the economy the people of the country should be financially inclusive. Financial inclusion has been broadly recognized as critical in reducing poverty and achieving inclusive economic growth. Financial inclusion is not an end in itself, but a means to an end—there is growing evidence that it has substantial benefits for individuals. Studies show that when people participate in the financial system, they are better able to start and expand businesses,

invest in education, manage risk, and absorb financial shocks.¹ Access to accounts and to savings and payment mechanisms increases savings, empowers women, and boosts productive investment and consumption. Access to credit also has positive effects on consumption—as well as on employment status and income and on some aspects of mental health and outlook. The case of financial inclusion in India is not that appealing. People are not into the banking system and they are financially exclusive.

Extent of Financial Exclusion in India

- (a) According to World Bank's Global Financial Inclusion Survey (2012), only 35% of adults in India had access to a formal bank account and only 8% borrowed from institutional and formal sources.
- (b) As per Census 2011, only 58.7% of households are availing banking services in the country. However, as compared with previous Census 2001, availing of banking services increased

significantly largely on account of increase in banking services in rural areas.

- (c) According to the World Bank 'Financial Access Survey' Results, in our country, financial exclusion measured in terms of bank branch density, ATM density, bank credit to GDP and bank deposits to GDP is quite low as compared with most of developing countries in the world.
- (d) The Economic Census 2005 revealed that the massive Small and Medium Enterprises (SME) sector, which provides 90 per cent of non-farming employment, could access only 4 per cent of institutionalized finance, leaving the rest to usurious money lenders. Banks in India almost monopolize national cash savings. The significance of this sector lies in the fact that about two-third unit in SME sector are owned and operated by the disadvantaged section of the population, like SCs, STs, and OBCs.

- (e) Agriculture not only plays the central role for achieving high growth but also inclusive growth for the economy as a whole (generates about 20 per cent of India's GDP and provides employment to nearly two-third of its population). However, a very large segment of agricultural sector is starved of formal credit, forcing the farmers to borrow from the informal moneylenders at usurious interest rates. This sets a cycle of indebtedness.
- (f) At present, only about 5% of India's 6 lakh villages have bank branches. There are 296 under-banked districts in states with below-par banking services.

Some of the Government's scheme to bring the unbanked into banked stream

For making all the pillars strong and for bringing the inclusivity of banking into the citizen's life rather making the unbanked banked the current government has brought many steps towards this like

- i) PMJDY- Prime Minister Jan Dhan Yojana
- ii) Mahila bank.
- iii) Payment Bank
- iv) Fund for MSMEs e.g. MUDRA
- v) APY- Atal pension yojana
- vi) PMJJBY-Pradhan Mantri Jeevan Jyoti Bima Yojana

But as per success of these initiatives are concerned they are not very successful because the main concern is financial illiteracy.

This paper aims at finding out the extent of literacy among the people. A survey of the people of Ghaziabad was conducted.

Research Methodology

It is primary data base. Survey method is used. Sample size is 50. Area covered is Ghaziabad. Random sampling method was chosen.

Data Analysis

Ques-1 It is important to have a bank account?

- a) Strongly agree b) Agree c) Neutral d) Disagree e) Strongly disagree



Fig: 1 Bank account

INTERPRETATION

In first question I pick all those people who have a bank account to proceed's question.

Ques-2 The personal banking services products are of great use?

- a) Strongly agree b) Agree c) Neutral d) Disagree e) Strongly disagree

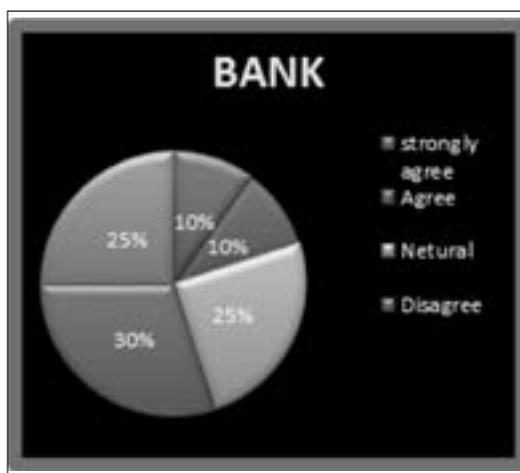


Fig: 2 banking services products

INTERPRETATION

There are different reasons of not use banking product by the respondents. Main reason for not use is lack of knowledge about the banking products. From survey we can find that 30% respondents are not use banking products because of insufficient knowledge about working of products. About 25% respondents are not use of banking products because of their less interest toward banking products. 25% accepted they use banking products because they aware all banking products.

Ques-3 Common people have the knowledge of all innovations in the banking?

- a) Strongly agree b) Agree c) Neutral d) Disagree e) Strongly disagree

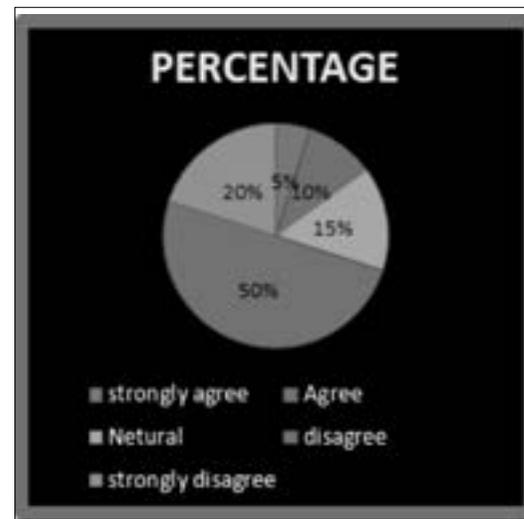


Fig: 3 Knowledge of all innovations

INTERPRETATION

According to survey 63% people accepts they have no knowledge of banking products due to different region, 19% people disagree on this basic I can say that Bank should more focus advertisement of Bank innovation.

Ques-4 Frequency of the use of online banking service is 4-5 in a week?

- a) Strongly agree b) Agree c) Neutral d) Disagree e) Strongly disagree



Fig: 4 Use of online banking service

INTERPRETATION

According to survey 30% people totally disagree with statement they use not online banking more,30%people also disagree to use less than 30%.so we can say this people has lack of knowledge due to various region.

Ques-5 Many problems are faced by the users of online banking.

- a) Strongly agree b) Agree c) Neutral d) Disagree e)Strongly disagree



Fig: 5 problem faced by the users of online banking

INTERPRETATION

According to survey 40% people agree they face so many problem while use online banking , 30% people also agree with this statement , on 5% people agree they face no problem on above statement I can say people are not user friendly with online banking

Ques-6 Online banking is user friendly.

- a) Strongly agree b) Agree c) Neutral d) Disagree e)Strongly disagree



Fig: 6 Online banking is user friendly

INTERPRETATION

IN this question people accept they have lack of knowledge of net banking, they are afraid due to various reason that why people avoid online banking.

Ques-7 People are familiar with online banking?

- a) Strongly agree b) Agree c) Neutral d) Disagree e)Strongly disagree



Fig: 7 familiar with online banking

INTERPRETATION

According to answer 40% people disagree he has not friendly with online banking due to various reason like frauds case , difficult to operate , must have net connection ,they prefer spot banking.

Ques-8 Do people make transaction through online banking?

- a) Strongly agree b) Agree c) Neutral d) Disagree e)Strongly disagree



Fig: 8 Transactions through online banking

INTERPRETATION

In this question I ask people how many time they use online banking for transection,40% totally denied they never use online for transaction,30%people know the online transaction but not use. On the following basic I can say this people prefer bank branch compare to online banking.

Ques-9 People make more use of branch facilities compare to online banking?

- a) Strongly agree b) Agree c) Neutral d) Disagree e)Strongly disagree

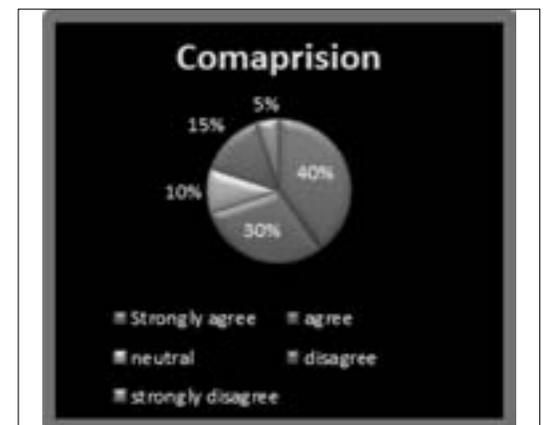


Fig: 9 Branch facilities compare to online banking

INTERPRETATION

According to survey people prefer branch banking compare to onlinebanking, 40% people agree they uses branch facilities always,30% people most time use branch banking, so we clearly say this people use more branch banking compare so online banking.

Conclusion

After the survey it was found that the people are actually illiterate as far as the banking knowledge is concerned. Some people who were surveyed were not having formal degrees but it was for the surprise of the surveyor that the people who were having

the formal degrees did also not know about the banking products. It is suggested that the financial literacy is of utmost importance before thinking of the complete financial inclusion and digitalization process.

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6

ANALYSIS OF PUBLIC AND PRIVATE SECTOR BANKS PERFORMANCE USING CAMELS MODEL: A LONGITUDINAL STUDY

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Abstract

The present study is a longitudinal study on performance analysis of public and private sector banks using CAMEL model. The study is conducted on same set of sample banks after a gap of five years of previous study conducted by the authors in year 2011 and published in year 2013. Statistical sample includes four major public and private sector banks. They were State Bank of India, Punjab National Bank, HDFC Bank and AXIS Bank, being in the list of top five banks in India. The results of previous study found that private sector banks have shown better performance on all the dimensions of CAMEL and following ranks have been assigned HDFC Bank-1st rank, AXIS Bank-2nd rank, PNB-3rd rank and SBI-4th rank.

Our results for the present study, after a gap of five years confirm, that HDFC Bank has maintained its 1st rank. PNB also succeeded in managing its 3rd position whereas ranks of Axis Banks and SBI are replaced. SBI which was ranked 4th in previous study improved its ranking and secured 2nd Position after five years, whereas Axis Bank lost its 2nd position and now ranked as 4th.

Keywords: CAMEL Model, Capital Adequacy, Asset Quality, Management Quality, Earning Performance, Liquidity.

Introduction

The Indian Banking system is one of the largest banking systems in the world having a wide reach and deep presence across country. It has gone through various stages of development since the setup of General Bank of India in 1786. Year 1991 is earmarked with the recommendations of the Narishiman Committee that suggested for the First Generation Reforms of the financial sector by implementing prudential norms relating to capital adequacy, earning recognition, asset classification and provisioning, and risk exposure norms. The Report of the Narishiman Committee- 2 in 1998, provided the road map for the second generation reforms processes that led the banks to diversify their functions, entering new areas of operation and improve the performance. The regulations were also suggested and brought in various other areas like NPAs, interest rates, government control, CRR, access to capital market etc. The regulators have also augmented bank supervision on the recommendations of the Padmanabhan Working Group in 1995, through CAMEL (capital adequacy, asset

quality, management quality, earnings and liquidity) rating model to include explicit assessment of bank's ability to manage its performance. In recent time the world economy has witnessed serious difficulties in terms of lapse of banking & financial institutions and tumbling demand causing recession in major economies. However, despite this turmoil Indian Banking Sector has been amongst the few to maintain its credibility.

Last financial year and two quarter of the current financial year was terrifying for the banks as bad loans across the 40 listed banks increased to Rs.5.8 trillion as of the end of March 2016 from Rs.4.38 trillion at the end of December which has weakened the bank's balance sheet resulted a steep dip in bank index. The amount surged after the central bank conducted an asset quality review across the banking sector and insisted that banks classify visibly stressed assets as NPAs. However, RBI has introduced few schemes and allowed lenders to convert their loans into equity or quasi-equity instruments under Debt Restructuring Scheme. RBI has

also formulated the 'Scheme for Sustainable Structuring of Stressed Assets' (S4A) as an optional framework for the resolution of large stressed accounts. However, these schemes will take a long time to clean up banks' balance sheet. In the light of the present financial weakness of the banks the authors attempted to analyze the performance of the top public and private banks after a gap of five years on the same set of sample banks to identify the areas of strength and weakness using 360-degree review approach using CAMELS model.

The Camel Framework

The CAMEL model is a supervisory rating system to assess the banks' overall performance. The model was first adopted by the Federal Financial Institution Examination Council on November 1979, and then adopted by the National Credit Union Administration in October 1987. The ratings in this model are assigned, based on a ratio analysis of the financial statements, on five dimensions; which are Capital Adequacy, Asset Quality, Management Quality, Earnings, Liquidity.

Capital Adequacy

This ratio measures a bank's capital position and is expressed as a ratio of its capital to its asset. The ratio determines the capacity of the bank to absorb unexpected losses. Capital Adequacy Ratio (CAR) below the minimum statutory level indicates that the bank is not adequately capitalized to expand its operations. Following ratios are used in this category; Capital Adequacy Ratio, Debt Equity Ratio and Total Advance to Total Asset Ratio.

Asset Quality

Banks are more concern about the quality of debtors to avoid NPAs. This ratio determines the quality of loan of a bank. Higher the ratio the more problematic loans of the current year. In this category following ratios are calculated; Provision Coverage Ratio, NPA Ratio and Loan Loss Reserve to Problem Loan.

Management Quality

The performance of management capacity is usually qualitative and can be analyzed through the subjective evaluation of management systems, organization culture, control mechanisms and so on. However, the capacity of the management of a bank can also be gauged with the help of certain ratios. Ratios calculated under this category are; Asset Utilisation Ratio and Cost to Income Ratio

Earning Quality

This dimension lays importance on how a bank earns its profits. This also explains the sustainability and growth in earnings in the future. In this category; ROA, ROE and Dividend Payout Ratio are calculated.

Liquidity Quality

Since the banks are in such a business where liquidity is of prime importance, this ratio becomes more important. Bank lending finances investments in relatively illiquid assets, but they fund their loans with mostly

short term liabilities. Thus one of the main challenges to a bank is ensuring its own liquidity under all reasonable conditions. Ratios calculated under this category are: Liquidity Ratio, Liquid Asset to Deposit Ratio and Liquid Asset to Asset Ratio

Literature Review

Since we know that the health of the economy is closely related to the soundness of its banking system, thus banking has always been a major area of interest of scholars. Several studies have been conducted time to time to analyse the banks performance using CAMEL model. Rastogi, Sanjay and Saxena, Pradeep (2013), in our study an Analysis of Public and Private Sector Banks Performance Using Camel Model, observed private sector banks having performance edge over public sector banks. We took a sample of four top performer banks from the statistical population of all banks. Out of four sample banks, two are from public sector and two are from private sector. Public sector banks are State Bank of India (SBI) and Punjab National Bank (PNB) and private sector banks are HDFC Bank and AXIS Bank. The data set was analysed for four years ranging from 2007-08 to 2010-11. It was observed that capitalization affects the operation of financial institution. Prasad, K.V.N. and Ravinder, G.(2012), analysed the performance of Nationalized Banks for a period of 2006-2010 using CAMEL model and found that on an average Andhra Bank was at the top most position followed by Bank of Baroda and Punjab & Sindh Bank. The Central Bank of India was at the bottom most position. They opined that Asset Quality is commonly used as a risk indicator for financial institutions, which also determines the reliability of capital ratios. Reddy, Sriharsha (2012), Ascertained the relative positions of banks, using CAMEL ratios, using panel data published by RBI from 1999-2009. Their data set consists of 26 public sector banks, 19 private sector banks and 16 foreign banks. They observed

that public sector banks have significantly improved their performance indicating positive impact of the reforms in liberalizing interest rates, rationalizing directed credit and investments and increasing competition. Sangmi & Nazir (2010), in their study they analysed the performance of Punjab National Bank (public bank) and Jammu and Kashmir Bank (private bank) from year 2001-2005. They found that PNB has shown better results on the capital adequacy, asset quality and management quality parameters. Kaur (2010), do analysed the Public and Private Banks performance for five years from 2001-2006 using CAMEL model. His analysis revealed that the best bank from the public sector has been awarded to Andhra Bank and State Bank of Patiala. In the category of private sector banks, Jammu and Kashmir Bank has been assigned the first rank succeeded by HDFC Bank. Among the foreign sector banks, Antwerp has bagged the first rank followed by JP Morgan Chase Bank. Dash & Das (2009), also concluded with the same findings of better scores of Private Banks over Public Banks. They analysed 58 banks. Out of which 29 were public and remaining 29 were private and foreign banks. They analysed the data for 2003-2008. Dervizet al.(2008) investigated the determinants of the movements in the long-term Standard & Poor's and CAMEL bank ratings in the Czech Republic during the period of 1998-2001, when the three biggest banks, representing approximately 60% of the Czech Banking Sector's total assets, were privatized. Gupta and Kaur (2008), analysed the performance of Public and Private sector Banks, using data from 2003-2007. They concluded with better score of Private Banks over Public Banks. They ranked HDFC Bank first on all the dimensions of CAMEL. Bodla & Verma (2006), in their study they examined the performance of State Bank of India (Public Bank) and ICICI Bank (Private bank) using CAMEL dimensions for a period of 2001-2005. They ranked SBI at top for capital adequacy and ICICI for other dimension.

Methodology and Research Framework

The present study is a longitudinal in nature. The same set of sample is used which was used in previous study. We have taken a sample of four top performer banks from the statistical population of all banks. Out of four sample banks, two are from public sector and two are from private sector. Public sector banks are State Bank of India (SBI) and Punjab National Bank (PNB) and private sector banks are HDFC Bank and AXIS Bank. The data set is analysed for four years ranging from 2011-12 to 2014-15. The data used in this study are reliable and validated as they have been sourced from published (audited) financial statement of banks, including balance sheet, profit & loss statement, explanatory notes etc. Besides, the data also taken from 'statistical tables relating to banks' published by RBI.

The data has been analysed using CAMELS ratios for the aforesaid period. Under Capital Adequacy; following ratios are calculated; capital adequacy ratio, debt equity ratio and total advance to total asset ratio. Under Asset Quality; provision coverage ratio, NPA ratio and loan loss reserve to problem loan are calculated. Under Management Efficiency; asset utilisation ratio and cost to income ratio are calculated. Under Earning Quality; ROA, ROE and dividend payout ratio are calculated. And under Liquidity Position; liquidity ratio, liquid asset to deposit ratio and liquid asset to asset ratio are calculated. All the banks were first individually ranked based on the sub-parameters of each dimensions; then the sum of these scores were taken to calculate the group average of individual bank for each dimension. Finally, a composite ranking for the banks are made after computing the average of these group averages.

Data Analysis and Interpretation

Capital Adequacy

Table 1: Capital Adequacy Ratio (CAR).

Banks	2015	2014	2013	2012
PNB	13%	12%	13%	13%
SBI	12%	13%	13%	14%
AXIS	15%	16%	17%	14%
HDFC	17%	16%	17%	17%

Among all the four banks HDFC has higher CRAR. The reason for higher CRAR ratio in private banks, as evident in above table, is that risk based assets are much lower than the public banks when compared to 9% as minimum CRAR prescribed by RBI.

Table 2: Debt Equity Ratio (D/ER).

Banks	2015	2014	2013	2012
PNB	1.17	1.34	1.21	1.34
SBI	1.60	1.55	1.71	1.51
AXIS	1.79	1.32	1.33	1.49
HDFC	0.73	0.91	0.91	0.80

Asset Quality

Table 4: Provision Coverage Ratio.

Banks	2015	2014	2013	2012
PNB	0.527899743	0.604373609	0.890681497	1.232592705
SBI	0.979084531	0.927424235	0.887333684	1.251817324
AXIS	1.499319983	2.120435671	1.909698256	1.861235675
HDFC	5.65158883	10.02186814	8.80078299	12.34150916

For public sector banks the quality loans were not as better as the private sector banks had. Both Axis and HDFC Bank have been observed with a higher provision coverage ratio.

Table 5: NPA Ratio.

Banks	2015	2014	2013	2012
PNB	4	3	2	2
SBI	2	3	2	2
AXIS	0.47	0.45	0.36	0.70
HDFC	0.25	0.27	0.20	0.00

PNB has been observed with high ratios among all the banks followed by SBI, which indicates a higher risk for the banks. HDFC Bank and AXIS Bank have been successful in maintaining their NPA at lower level.

The above table indicates that public sector banks have maintained a good debt equity ratio. The ratio is much higher for SBI followed by PNB, AXIS Bank and HDFC Bank.

Table 3: Total Advance to Total Asset Ratio.

Banks	2015	2014	2013	2012
PNB	63%	63%	64%	64%
SBI	69%	68%	67%	65%
AXIS	61%	60%	58%	59%
HDFC	63%	62%	60%	58%

The marginal differences in the ratio are observed in the above table. All the four banks have maintained the average rate of 58-68 percent. However, year on year basis SBI and HDFC Bank has shown a continuous improvement on this parameter, as the bank is growing with advances and the assets have increased in the same proportion.

Table 6: Loan loss Reserve to Problem Loan.

Banks	2015	2014	2013	2012
PNB	0.87%	2.24%	4.17%	3.40%
SBI	1.94%	1.87%	3.87%	3.50%
AXIS	0.78%	1.23%	0.81%	1.81%
HDFC	1.02%	0.12%	0.11%	1.81%

Out of four banks above, HDFC Bank have maintained the lowest average scores throughout the said period followed by AXIS Bank. Private Sector Banks have succeeded in maintaining a lower ratio again.

Management Quality

Table7: Asset Utilisation Ratio.

Banks	2015	2014	2013	2012
PNB	9%	9%	10%	18%
SBI	9%	9%	17%	7%
AXIS	10%	11%	11%	19%
HDFC	11%	11%	12%	11%

The marginal differences are observed on the ratios. None of the banks were able to maintain a progressive utilization ratio. However, they could maintain a stable efficiency in asset utilization.

Table8: Cost to Income Ratio.

Banks	2015	2014	2013	2012
PNB	37.13	36.36	31.06	31.33
SBI	36.85	36.76	34.09	38
AXIS	34.53	32.72	33.54	39.45
HDFC	36.84	36.53	38.02	38.03

As observed in above table PNB and AXIS banks have performed well as they have maintained overall low ratio as compared to SBI and HDFC bank. Out of four banks PNB has maintained the lowest and HDFC Bank highest ratio.

Earning Quality

Table9: Return of Assets (ROA).

Banks	2015	2014	2013	2012
PNB	0.5	0.6	0.99	1.06
SBI	0.63	0.6	0.9	0.87
AXIS	1.62	1.52	1.48	1.39
HDFC	1.73	1.72	1.68	1.52

At this parameter SBI and PNB has reported lowest returns whereas HDFC Bank and AXIS Bank have reported higher returns. Overall the private banks have reported good returns on assets as compared to public sector banks.

Table10: Return of Equity (ROE).

Banks	2015	2014	2013	2012
PNB	8.12	9.69	15.19	18.52
SBI	10.2	9.2	14.26	13.94
AXIS	16.26	15.64	18.59	17.83
HDFC	16.47	19.5	18.57	17.26

Return on equity for PNB continuously decreasing from 2012 to 2015 whereas SBI reported high returns in 2012 and 2013. In private segment HDFC and AXIS Banks have shown a high average returns for the reported years.

Table11: Dividend Pay-out Ratio.

Banks	2015	2014	2013	2012
PNB	20.51	10.83	20.10	15.28
SBI	19.52	20.56	20.13	20.06
AXIS	14.78	15.11	16.29	15.52
HDFC	19.63	19.38	19.46	19.53

In this segment PNB has reported a very volatile pay-out whereas other banks have maintained an average pay-out. HDFC bank has maintained most stable pay-out ratio. Overall SBI has maintained a good average pay-out.

Liquidity Quality

Table12: Liquidity Ratio.

Banks	2015	2014	2013	2012
PNB	3.30	2.37	3.23	3.53
SBI	0.84	1.11	0.96	1.70
AXIS	1.11	1.26	1.12	1.23
HDFC	1.46	2.21	1.33	1.70

The ratio has been very volatile for all the banks under study. PNB Banks have maintained a high liquidity position as compared to other banks. The lowest ratio is reported by SBI. Overall PNB and HDFC Bank have reported the high liquidity among all four banks.

Table13: Liquid Asset to Deposit Ratio.

Banks	2015	2014	2013	2012
PNB	11.16	10.02	6.93	7.59
SBI	11.09	9.51	9.55	9.31
AXIS	11.20	10.05	8.09	6.33
HDFC	11.06	10.78	9.21	8.49

Public Sector Banks have parked less funds in liquid assets which hampers their cost of funds. Private Sector Banks have maintained a good deposit ratio. Out of which HDFC Bank has maintained a good average ratio.

Table14: Liquid Asset to Asset.

Banks	2015	2014	2013	2012
PNB	11.32	11.91	13.22	13.56
SBI	10.41	12.39	14.58	7.28
AXIS	9.15	11.07	11.13	11.12
HDFC	12.92	13.87	17.26	6.20

It is evident from the above table that the ratio has been very volatile for all four banks. However, on an average SBI and HDFC Bank have maintained a better investment in liquid assets.

Source: Authors compilation and extracted from them after table prepared using data sourced from annual reports of the banks.

Component Weightage

Table15: Weightage to CAMEL Components.

Parameters	Weightage
Capital Adequacy	27%
Asset Quality	21%
Management Quality	10%
Earning	18%
Liquidity	24%
Total	100%

Ratio-Wise Weightage:

Table16: Ratio-wise Weightage to CAMEL Components.

Ratio	Weightage
Capital Adequacy	27%
Capital Adequacy Ratio	9%
Debt Equity Ratio	9%
Advance to Asset Ratio	9%
Asset Quality	21%
Provision Coverage Ratio	7%
NPA Ratio	7%
Loan Loss Reserve to Problem Loan	7%
Management Quality	10%
Asset Utilisation Ratio	5%
Cost to Income Ratio	5%
Earning	18%
ROA	6%
ROE	6%
Dividend Pay-out Ratio	6%
Liquidity	24%
Liquidity	8%
Liquid Asset to Deposit	8%
Liquid Asset to Asset	8%
Total	100%

Banks' Score for Different Ratios

After allocating frequency classes for each ratio, now the score to each bank on the basis of average of their average of performance during the last four years i.e. 2012 to 2015 to all the banks are given.

Table22: Capital Adequacy—the scores assigned to the Capital Adequacy Ratios.

Ratio	Banks			
	PNB	SBI	AXIS	HDFC
CRAR	3	5	7	9
Debt-Equity Ratio	6	11	9	3
Advance to Asset Ratio	5	7	1	2
Total Score	14	23	17	14

Table23: Asset Quality.

Ratio	Banks			
	PNB	SBI	AXIS	HDFC
Provision Coverage Ratio	1	2	3	18
NPA Ratio	5	5	8	10
Loan Loss Reserve to Problem Loan	3	3	3	3
Total Score	9	10	14	21

Table24: Management Quality.

The table given below is showing the scores assigned to the Management Quality Ratios.

Ratio	Banks			
	PNB	SBI	AXIS	HDFC
Asset Utilisation Ratio	5	4	6	6
Cost to Income Ratio	6	4	4	3
Total Scores	11	8	10	9

Table25: Earning—scores given to the Earning Quality Ratios.

Ratio	Banks			
	PNB	SBI	AXIS	HDFC
ROA	3	2	7	8
ROE	13	9	6	6
Dividend Payout Ratio	4	13	4	10
Total Scores	20	24	17	24

Table26: Liquidity—marks given to the Liquidity Ratios.

Ratio	Banks			
	PNB	SBI	AXIS	HDFC
Liquidity	11	3	3	5
Liquid Asset To Deposit	3	4	3	4
Liquid Asset To Asset	6	5	4	7
Total scores	20	12	10	16

Overall Ranking of The Banks Based On The Total Scores:

Parameters	Banks			
	PNB	SBI	AXIS	HDFC
Capital Adequacy	14	23	17	14
Asset Quality	9	10	14	21
Management Quality	11	8	10	9
Earning	20	24	17	24
Liquidity	20	12	10	16
Total Score	74	77	68	84
Rank	3	2	4	1

Findings and Conclusion:

The present study is a longitudinal study on performance analysis of public and private sector banks using CAMELS model. The study is conducted on same set of sample banks after a gap of five years of previous study conducted by the authors in year 2011. Statistical sample includes four major public and private sector banks. They were State Bank of India, Punjab National Bank, HDFC Bank and AXIS Bank, being in the list of top five banks in India. The results of previous study found that private sector banks have shown better performance on all the dimensions of CAMELS and following ranks have been assigned HDFC Bank-1st rank, AXIS Bank-2nd rank, PNB-3rd rank and SBI-4th rank. Our results for the present study, after a gap of five years confirm, that HDFC Bank has maintained its 1st rank. PNB also succeeded in managing its 3rd position whereas ranks of Axis Banks and SBI are replaced. SBI which was ranked 4th in previous study improved its ranking and secured 2nd Position after five years, whereas Axis Bank lost its 2nd position and now ranked as 4th. The previous study observed that on most of the parameters private sector banks have outperformed. Be it CAR, Management Quality or Liquidity. Private Sector Banks also reported a low NPA. All these factors indicate an all-round high efficiency of private sector banks. However, the present study observed an improvement in performance of public sector banks on some of the parameters like management quality and liquidity.

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ASSESSMENT OF MYOPIA IN CAUSE RELATED MARKETING

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Abstract

This article looks at the subject of cause-related marketing which is used by companies in their marketing communication activities to showcase their commitment towards corporate social responsibility. It is believed that cause-related marketing is a communications tool for building brand equity and increasing customer loyalty. Customer perception regarding the reasons for a company's involvement in cause-related programmes and the amount of help given to the cause by the company comes out to be an important factor to bring about a positive change in a company's image because of cause-related marketing campaigns. Apart from this the general attitude of consumers towards marketing campaigns of the companies and scepticism also affect their response to cause-related marketing campaigns. Findings of the study are relevant in eliminating myopia in this area.

Keywords: Cause-related Marketing, Consumer perception, Purchase decision

Introduction

Cause related marketing (CRM) is a novel idea through which organizations can increase their sales while appearing to enhance their focus on social responsibility. While marketing in general is focused on the process of selling, influencing and persuading the end user to purchase a product, organizations need to satisfy the human needs of their customers (Kotler and Levy, 1969) and of their other internal and external publics (Kotler, 1972). This becomes imperative for the business organizations due to their obligation to society and to achieve a positive image in the eyes of their consumers which ultimately leads to the benefits of customer loyalty brand equity and revenue increase. Cause related marketing allows the organizations to reach their customers and publics in a favourable manner by tying a company's "economic activity to a higher social purpose" (Kotler and Levy, 1969, p. 15).

Varadarajan and Menon (1988) define cause related marketing as: "The process of formulating and implementing marketing activities that are characterized by an offer from the firm to contribute a specified amount

to a designated cause when customers engage in revenue-providing exchanges that satisfy organizational and individual objectives." In other words, cause related marketing commonly refers to promotional strategy in which a firm's sales are linked to a charity or other public cause towards which a percentage of the sales revenue is donated. Cause Related Marketing is a commercial activity by which businesses and charities (or causes) form a partnership with each other to market an image, product or service for mutual benefit. It is a marketing tool used to help address the contemporary social issues by providing resources and funding, while addressing important business objectives at the same time.

Cause-related marketing campaigns vary in their scope and design. Though the most common type of CRM is in which a company donates a portion of each purchase made by its customers during a specific period of time to some nonprofit entity, there are several variations in this and not all CRM campaigns channel money to causes; some engage principally in educational or awareness-building activities. Present day business environment is characterised by

a multitude of products of similar quality, price and service. Therefore, the companies have a need to differentiate themselves and their product. For this, many companies are turning to the use of cause-related marketing (CRM) as a communications tool. Basically, the concept entails firms communicating about their corporate social responsibility, namely their affiliation or work with non-profit organisations or support for causes through their advertising, packaging and promotions in order to attract consumers wanting to make a difference in society through their purchasing.

There are many examples of cause related marketing in India. Proctor and Gamble initiated Shiksha, its social responsibility programme in India in 2005 after its research revealed that education is an important cause for which Indian consumers would like to contribute by choosing brands of P&G. Novartis India Ltd., in a cause-related marketing scheme, donated 2% of the value of sales of Ovaltine Plus towards CRY's Gujarat rehabilitation operations. As part of the "Chhotte Kadam Pragati Ki Aur" initiative, every time a woman chooses to buy a bottle of Nihar Shanti Amla, 2%

of all proceeds will be contributed to the cause of children's education in partnership with NGO Child Rights and You (CRY) India. For every four Classmate Notebooks purchased, ITC contributes Re. 1 to its social development initiative that supports primary education along with various other projects. Tata tea advertisements which showcase the "Jaago Re" campaign to create awareness about social issues are an example of cause related marketing where donations from sales proceeds are not being made. Although cause related marketing has become increasingly popular, academic researchers are still exploring the various aspects of how consumers respond to it. CRM can be an important tool for differentiating a brand from its competitors (Murphy 1997; Tate 1995) and, therefore, improving its odds of being purchased. Given the complexity and uncertainty associated with the evaluation of CRM campaigns (Tate 1995), research is needed that provides insight into whether and when corporate sponsorship of social causes enhances brand choice. The present paper examines in depth how consumers perceive cause-related marketing and how it affects their preference for brands.

Conceptual Background

Cause-related marketing (CRM) is defined as the process of formulating and implementing marketing activities that are characterised by contributing a specific amount to a designated non-profit effort that, in turn, causes customers to engage in revenue providing exchanges (Mullen, 1997). According to Mullen, it is a 'dramatic way to build brand equity ... as it creates the most added value and most directly enhances financial performance'. It (societal marketing) can generate the long-term value needed for a company to survive and achieve competitive advantage (Collins, 1993). Cause-related marketing has a great potential in helping marketers to stay in tune with the mood of the public, as it is more sensitive, trustworthy and relevant to society (Duncan & Moriarty, 1997). Duncan (1995) refers to CRM as 'mission marketing' (MM)

which integrates a non-commercial, socially redeeming system into a company's business plan and operations. CRM or MM is 'the ultimate brand contact, the manifestation of a company's mission and philosophy, which can drive communication campaigns and even strategy' (Duncan & Moriarty, 1997).

Companies view CRM as a tool to achieve their economic and social objectives. Consumers on the other hand, view the purchase of a brand linked to a cause as a form of charity and socially conscious decision which fulfils the self-esteem needs of the consumers. Thus, consumers may respond favourably to CRM as their purchase of such brands would show their behaviour to be pro-social.

Similarly, CRM finds basis in the theory of social exchange which looks at human interaction in terms of dynamic social process in which parties exchange resources, commodities or skills in order to maximize their returns in minimum possible cost. In CRM the parties involved are the company, the cause and the consumer. Consumers may take CRM positively if they feel that it is a way in which they are getting satisfaction at very little or no extra cost.

Concluding about the potential for a company's cause related marketing to affect consumer choice is difficult because existing evidence is equivocal regarding the effectiveness of CRM campaigns. In some studies, CRM has been found to have a favourable effect on attitudes (Brown and Dacin 1997; Ross, Patterson, and Stutts 1992; Tate 1995) and purchase intentions (Kroll 1996; Murphy 1997; Ross et al. 1992; Sen and Morwitz 1996; Smith and Stodghill 1994). However, in certain other studies CRM has been found to foster negative perceptions about a company's motivation for engaging in such activities (Smith and Stodghill 1994).

When properly executed, CRM helps in

increasing the sale of products, enhances image and motivates employees. However, CRM can be a dangerous area for companies to venture into if not done properly. According to Duncan and Moriarty (1997), this means, among other things, tying the cause to the organization's mission, making it long term, not using it as a short-term tactic to increase sales, and understanding that the effects are not always easy to measure and whatever effects there are, normally through enhanced reputation, are very long term.

Methodology of Study

Objectives: This study was undertaken to find out what consumers feel about cause related marketing and how do they respond to CRM campaigns so as to provide insights to marketers about effective use of CRM. Specifically, the study was designed to answer the following questions:

- Do consumers perceive CRM as a good idea for supporting a cause?
- Do consumers pay attention to cause related advertisement and remember them?
- Do consumers purchase a product due to CRM?
- Do consumers switch from their preferred brand if it is not related to a cause to the one which is related to a cause?
- Does the amount of contribution to the cause affect consumer purchase decision?
- Does proximity affect consumer preference to donate to a cause?
- What type of causes are the Indian consumers more likely to support?
- Do some demographic groups react more favourably to CRM than others?
- Are consumers sceptical about CRM?
- Does this scepticism affect their purchase decision?

Sample and Methods: The sample consisted of 214 respondents from all over India. The mean age of the respondents was 36.8 years (standard deviation = 10.4 years); 68 per cent

were male, 32 per cent female; 57 per cent were married, 43 per cent widowed, divorced or unmarried; 74 per cent were salaried and 26 per cent self-employed. The most common income category was Rs. 30,000 to Rs. 50,000 and most of the respondents were graduates.

Questionnaires were sent through personalized e-mails. 300 e-mails were sent out of which 27 were returned by the mail servers, 42 questionnaires were not returned and 17 were returned incomplete. Thus 214 complete responses were recorded yielding 71.3 per cent response rate.

Question items used, in most cases, were adapted from prior literature and were close ended. A definition of cause related marketing was given to the respondents in the beginning of the questionnaire. The questionnaire was pretested with 10 consumers. The feedback from the pilot test was used to improve the readability and the quality of the questions in the instrument.

Research Findings

Do consumers perceive CRM as a good idea for supporting a cause?

Over 62 percent of the consumers believe that cause related marketing is a good way of supporting a cause by the company and consumers. 14 percent were unsure and the rest did not believe CRM to be a good idea for supporting a cause (Table 1).

Table 1: Consumers' Perception about Cause Related Marketing.

Responses	Overall %age	% Male	% Female
CRM is a good idea	62.3	54.1	70.5
Not sure about CRM	14	14.4	13.2
CRM is a bad idea	23.7	31.5	16.3

Do consumers pay attention to cause related advertisement and remember them?

73 percent of the respondents could recall one or more CRM advertisements (Table 2). Out of 25 companies named along with the causes they support the CRM advertisements which most of the respondents remembered were of Procter and Gamble, ITC Classmate, Idea Cellular and Tata Tea.

Table 2: Consumers' tendency to recall cause related advertisement or promotion.

Responses	Overall Percentage
None	27.1
1 - 4 advertisements	65.9
Morethan4 advertisements	7

Do consumers purchase a product due to CRM?

34 percent of the respondents stated that they have purchased a product because they wanted to support the cause shown in a CRM advertisement (Table 3). More women than men said that they have purchased a product for supporting the related cause.

Table 3: Influence of CRM on consumers' purchase decision for a product.

Responses	Overall Percentage	Percent Male	Percent Female
Have purchased a product due to CRM	34.1	28.1	39.3
Have not purchased a product due to CRM	65.9	71.9	60.7

Do consumers switch from their preferred brand if it is not related to a cause to the one which is related to a cause?

Respondents were asked to give the

likelihood that they would purchase a brand advertised in a CRM promotion when they normally purchase the product category but of some other brand. 53 percent of the respondents stated that they would try a new brand if they regularly use the product category and found the cause it is related to worthwhile (Table 4). Again women showed more likelihood of trying the CRM brand in comparison to men.

Table 4: Consumers' likelihood to switch from their preferred brand if it is not related to a cause to the one which is related to a cause.

Likelihood of purchase	Overall Percentage
Likely	52.8
Not sure	9.3
Unlikely	37.9

Does the amount of contribution to the cause affect consumer purchase decision?

Around 62 percent of the respondents stated that they would be influenced by the amount of contribution towards the cause, 23 percent stated that they would not be influenced by the amount of contribution while the rest 15 percent were undecided about it (Table 5). The cross tabulation of these responses on demographic grounds did not yield any significant difference.

Table 5: Effect of Amount of Contribution to the cause on Purchase Decision.

Response	Overall Percentage
Likely to affect	62.1
Not sure	14.9
Unlikely to affect	23

Does proximity affect consumer preference to donate to a cause?

In terms of CRM, the proximity may be differentiated as local, regional, national or international and consumers' responses may need to be investigated (Varadarajan and Menon, 1988). 44 percent of the respondents

stated they would prefer to support a local cause, 13 percent stated they would prefer to support a regional cause, 37 percent stated they would prefer to support a national cause while 6 percent stated they would prefer to support an international cause (Table 6).

Table 6: Effect of proximity to the cause on Purchase Decision.

Scope of Cause	Overall Percentage
Local	43.9
Regional	13.1
National	36.9
International	6.1

What type of causes are the Indian consumers more likely to support?

Table 7 shows that people in India are more likely to support causes aimed at food security, education, reducing child labour, disaster relief, providing shelter to homeless and curing a disease.

Table 7: Preference to support the type of cause.

Types of Cause	%age likely to support
Food security	78
Education	73.8
Disaster relief	68.7
Reducing child labour	59.8
Providing shelter to homeless	47.1
Research and treatment for curing a disease	38.3
Protect environment	34.5
Support for vaccination campaigns	28.9
Supporting a sport	23.8
Supporting alcoholics help groups	14.4

Are consumers sceptical about CRM?

The addition of scepticism as an influence on purchase intent arises from several key findings in the existing literature which

demonstrate the overriding influence of a consumer's level of scepticism about a product, service or company on their decision making process. Scepticism has been defined as a tendency toward disbelief (Obermiller and Spangenberg, 2001), or the overall tendency to question (Kantner and Mirvis, 1989; Boush et al., 1993).

In the case of cause-related marketing, consumers are often likely to be sceptical about a company's motivation for participating in such a program, especially when the company publicizes its participation (Webb and Mohr, 1998). Specifically, consumer scepticism is often determined by whether the cause-related marketing programs are perceived by the consumer to be cause-beneficial, or cause exploitative (Varadarajan and Menon, 1988; Ross et al., 1991; Andreasen, 1996). Low levels of scepticism tend to occur when customers believe that CSR program is being driven by altruistic intentions rather than by the desire to increase sales.

28 percent of the respondents stated that they were sceptical about the intentions of the companies running cause related marketing campaigns.

Does this scepticism affect their purchase decision?

Positive influence on intent to purchase the CRM product is believed to be stronger when the customer scepticism toward the sponsoring company's motivation to participate in a cause related marketing program is low than when it is high. To test this the sample was split into three segments, representing respondents with a high, medium and low level of scepticism about the company's motivations respectively and their purchase of CRM brands was evaluated. Purchase intent was low for those respondents who were more sceptical about the company's motivations for CRM.

Discussion

This research supports previous results reported in the literature, suggesting that a substantial, viable, and identifiable market

segment exists that considers a company's level of social responsibility in its purchase decisions. Companies have an opportunity to appeal to this group while simultaneously meeting their business objectives and making a contribution to society. One of Andreasen's (1995) suggestions for supporting people in the maintenance stage of behaviour change is to "make the hidden benefits visible". Based on this, managers could develop CRM campaigns for marketing communications that provide details about how their companies have helped address specific social issues to make a differentiation in the market and give the company a competitive edge. Differentiating your company/brand through the image of care and compassion to society is a strategy that can be highly rewarded. However, only a consistent, believable contribution to a cause (or non-profit organisation) can build brand image and brand equity.

Stakeholders' support for a business is based on their relationship and interaction with the brand as well as the way they perceive the brand and its company. Webb and Mohr (1998) suggest that companies clearly communicate the terms of the offer and the results as a CRM campaign progresses.

Female consumers are more likely to respond favourably to CRM as found in the study. Therefore, companies could try to create CRM campaigns specially focussed on women and their importance in taking the decisions for the family.

Consumers are more likely to support a local or a national cause as compared to a regional or international one as they find themselves more attached to and responsible towards their local causes or have a patriotic feeling when they contribute towards a national cause. Similarly, the Indian consumers are more ready to contribute towards some causes like food security and education more than other types of causes.

For customers it is important that they believe

the campaign is trustworthy. Honesty, long-term commitment to a cause and involvement of non-profit organisations are factors that help to overcome customers' scepticism towards CRM. The motives for CSR are often questioned and therefore companies need to engage in credible CSR programs that consumers believe are motivated, at least partially, by a desire to help others. This may require assuring consumers that the company has not increased prices or lowered product quality in exchange for a higher level of social responsibility.

Research suggests that knowledge has a negative effect on a person's scepticism level (Szyckman et al., 1997). This implies that companies should emphasise on the awareness of corporate social responsibility and its benefits among consumers. Consumer education programs could be conducted to teach people about CSR issues and about their role in encouraging CSR in order to promote a greater understanding among the public of why this is important and how the community benefits.

Finally, at the level of policymakers and regulators, policies need to be designed to discourage abuse of CRM by unscrupulous marketers. In addition to consumer education programs to help consumers understand all the information available on companies, regulation may be necessary. Self-regulating industry group or NGOs to monitor social responsibility claims would help protect the consumers against false or misleading claims.

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8

DIGITAL MARKETING: HOW DISRUPTIVE TECHNOLOGY IS CHANGING BUSINESS FOR GOOD

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Abstract

Digital marketing is an extremely fast-paced and competitive field. Although it provides lot of unique opportunities, it also has its concurrent challenges. In today's competitive environment, organizations are using Digital marketing for promoting products and services with the help of various digital channels to reach consumers at the right time through their preferred channel. Digital channels are accessed through desktops, tablets, mobile, smartphones, and gaming consoles and can effectively deliver personalized content and promotions. This paper focuses on the significance of digital marketing in current scenario and the key difference between traditional marketing and digital marketing. Also highlighted are the current challenges of digital marketing faced by organizations and defined strategies for building digital marketing that organizations can implement to get the competitive advantages.

Keywords: Digital Marketing, Traditional marketing, Digital marketing Opportunities & problems.

Introduction

Marketing is a widely used term to describe the communication between a company and the consumer audience that aims to increase the value of the company or its merchandise or, at its simplest, raises the profile of the company and its products in the public mind. "Digital marketing" is the process of building and maintaining customer relationships through digital channels to facilitate the exchange of ideas, products and services that must satisfy the goals of both parties. Digital channels are rendered and accessed via desktops, tablets, mobile, smartphones, and gaming consoles and can effectively deliver personalized content and promotions. Internal marketing is a major component of digital marketing. Digital marketing is NOT only focused on the online world, but it will be much, much more. Digital marketing can be done both online and offline. Offline digital marketing includes, among others, radio marketing, television marketing and phone marketing.

The term digital marketing was first used in the 1990s, but digital marketing has roots in the mid-1980s, when the SoftAd Group, now ChannelNet, developed advertising campaigns for automobile companies, Digital

marketing became more sophisticated in the 2000s. As per the study of IBFE on 'India's Advertising and Marketing Industry', the digital marketing spend has grown at 33% annually between 2010 and 2016

Objectives of the study are as follow:

- To find out the key difference between traditional and digital marketing.
- To study the various components of digital marketing
- To study various opportunities available to the organization and to the customers through the digital marketing.
- To study the challenges faced by organizations in implementing the digital marketing

Research Methodology of the Study:

Research is descriptive research in nature and as well as comparative study and analytical logic developed through the understanding from various research papers, reports, books, journals, newspapers and online data bases.

Traditional Marketing versus Digital Marketing:

Now everyone spends time for checking

emails, searching websites, spending time on social media sites, it makes ideal sense for media planning and buying agency to reach out to their audiences on the web. But traditional advertising has not lost its existence because every day you can see TV commercials, radio, hoardings, magazines; newspapers, etc. have their own charm and effect.

What's the difference between digital marketing and traditional marketing, does it really matter? Still small businesses struggle with deciding which kind of marketing to do, due to Budgets. The decisions that must be made are not easy.

Traditional marketing is the process of increasing the awareness of products, business and things through newspapers, radio ads, templates, flex boards. These techniques are so old and still used for today's market. On the other hand, Digital marketing is an umbrella term for the marketing of products or services using digital technologies, mainly on the Internet, but also including mobile phones, display advertising, and any other digital medium.

Basis	Traditional Marketing	Digital marketing
Barrier to success	Low due to who advertises it will relatively quickly amass fame and ensure that consumers finally going to do something with the brand.	Higher due to Start with, internet marketing is easy. It also actually successful requires a lot of time and knowledge
Target audience	Aimed at the masses. The idea is to reach the widest possible audience. However, a large part of the audience is not at the right target audience.	Focused on the individual or niche. It's easier to approach more small groups and individuals who each take potential.
Marketing Strategy	Based on "pushed in" Marketing strategy. Due to Ads are displayed when the consumer is not waiting on it. Consumers often find irritating and try to avoid them.	Based on Visitors and is drawn to object marketing strategy. With the least possible friction is the process in which the visitor is continued, and if it is pulled towards the object chosen.
Cost/ Budgets	Relatively expensive due to media requires lot of money for placing ads.	Relatively cheap due to the fact that company can succeed online with a very limited budget.
Participants	Higher threshold to participate because only the big guys have the ability to send an advertising message. For small businesses, this is often not feasible	Lower threshold to participate because every company has an equal chance of success. A small business can beat a big company, and its small can even work in your favour.
Return on investment	Among others by the high cost, the aimlessness and the guesswork is the return on investment lower.	Because of the low costs, the focus, the measuring device and the like is the return on investment is much higher.
Main competence skill	Marketing is in the first place seen as a creative process. These creative concepts are to be conceived and designed.	Marketers need strong analytical skills. Besides communication skills is primarily a technical / economic education important.
Decision taker/ Decision Culture	Hippo culture due to the fact that decisions are made by the principal (better paid) people in the company. They decide what they think is best for the customer	Data-driven culture due Decisions are made on the basis of website and customer data.
Main Ground /base	Based on supposition. It is difficult to say whether and why marketing has been successful. The consumer's response is not easy to identify.	Based on data and research: Marketing is constantly measured and analysed. The effectiveness can be viewed in real time and adjustments can be made directly on what the customer wants and needs
Marketing Orientation	The Company mainly talking about itself. Its I-oriented marketing	The customer is king. In marketing you try to connect as closely as possible to the needs of the customer. Its Customer-oriented marketing
Relationship with customers	Most of companies have Impersonal relationships with its customers due to company present itself as a company and is far removed from the customer. The customer is far from the holding.	Company do marketing through Digital Marketing build personal relationships with its customers.
Concentrated on	Concentrated on getting. The goal is to get the customer as much as possible. Money is exchanged for a product or service	Concentrated on giving. If you give away a lot of business if you can build a real relationship with your customer. Producing (wherever possible) quality content is important.
Communication objective	Marketing communication objective is on pushing advertising to its consumers. So it's One-way traffic only.	Marketing provides communication between the company and interested parties. Companies can use the reactions of people to improve themselves and are so dynamic and more focused on adaptation. So it follows two way communication.

Type of Relationship	The relationship is limited to the relationship “customer to business” and “business to customer”.	Because due to Internet, anyone can come into contact with anyone (business, customer, potential customer, expert, etc.). There are many more possibilities. A plurality of relationships.
About image/About identity	About image: A company can choose how they want to be known and transmit that message.	About identity: Because everyone has access to the Internet, therefore everyone can get information easily. Is itself largely determined by the customer what a company known for. It’s what you really are, rather than how you want to come over.
Measurement of growth	LiniaireGroes: The Company grows by adding new customers.	Geometric growth: The Company is growing by increasing each transaction; by focusing on customers that come back again; by satisfied customers who refer and by adding new customers
Buying time and efforts	The buying process takes time and effort: It costs the customer more time and effort to take the step of getting acquainted with the product to the actual purchase of the product.	The process is much faster: The process is much faster because the bridge between the offer of information and the reaction of the person is much smaller. Everything is possible with a few clicks.
Marketing options	Limited options	Many options
Time utility	Companies do not always available to go through process of customer. Companies are not to be present at targeted 24/7.	Companies always available to go through process of customer because the Internet is a business 24 hours a day, 7 days a week.
Reach	Small range: A small company doing business in the region. Only large companies and multinationals doing business more broadly	Global reach: You can basically reach the whole world.
Flexibility	Little change and usually Marketers use years of existing models and can often repeat the same trick. Company adopt changes slowly.	Constant change and company forced to sit there constantly on top and follow the latest developments. What works today may be obsolete tomorrow. Company adapt to changes quickly.
Nature of product	Mass products because everything ‘massive’ case, are not products individually customized. Small-scale production aimed at a niche is too expensive.	Niche products because it is easy (and cost-effective) to provide to a specific product or service to a defined part of a market.

Main components of Digital Marketing:

Online advertising: It is significant element of digital marketing. It is also called online marketing or Internet advertising or web advertising and is a form of marketing and advertising which uses the Internet to deliver promotional marketing messages to consumers. Under this Publishers put about their products or services on their websites so that consumers or users get free information. Advertisers should place more effective and relevant ads online. Through online advertising, company well controls its budget and it has full control on time.

- Email Marketing—Email marketing is a form of direct marketing that uses electronic mail as a means of communicating commercial or fundraising messages to an audience. When message about the products or services is sent through email to the existing or potential consumer, it is defined as email marketing. Direct digital marketing is used to send ads, to build brand and customer loyalty, to build customer trust and to make brand awareness. It is relatively low cost compared to advertising or other forms of media exposure. Company can attract complete attention of the

customer by creating attractive mix of graphics, text and links on the products and services.

- Mobility—Business Insider’s recent report indicates that globally, one in every five people owns a smart phone, and one in every 17 owns a tablet. That’s an increase of nearly 1.3 billion smartphones in last four years. Therefore, an increased user base accessing the internet via smartphones has prompted many companies to optimize their online content for mobile devices.
- Social media—Organizations are focusing on engaging with customers

through social media to offer real-time interactions. Social media helps organizations reach out to a vast pool of potential customers by supplying them with medical and campaign-related information.

- Social-Local-Mobile marketing—The growing popularity of smart mobile devices, increasing location based social activities like experience sharing, review reading via social media and the evolution of Global Positioning System (GPS) are helping companies leverage Social-Local-Mobile marketing activities.
- Personalized Content marketing—Customer engagement, acquisition and retention have all taken on a new dimension with the delivery of unique, personalized, and relevant messages through identified digital channels. Email is one of the most preferred marketing channels to broadcast targeted organization messages and campaigns to existing and prospective customers.
- Advanced analytics—Increased adoption of digital channels is generating large volumes of customer behavioural data. Advanced actionable analytics can help organizations define targeted marketing strategies.
- Search Engine Marketing (SEM)/ Search Engine Optimization (SEO)—Organizations are focusing on SEO efforts and paid search advertising for enhancing the visibility of their products and services.

Trends of Indian Digital Marketing Industry

- As per a recent report by IMAI and Boston Consulting Group, India has one of the largest and fastest growing populations of Internet users in the world—190 million as of June 2014 and growing rapidly.
- According to a report, India will cross 500 million Internet Users Mark in 2020

- According to Direct Marketing Association, Digital Marketing Industry is worth \$62 billion.
- According to a recent report Digital Advertising in India, jointly published by IMAI and IMRB, the value of Online Advertising market in India is expected to increase to Rs 3575 Crore by Mar 2015 from Rs 2750 Crore a year earlier at around 30% growth.
- According to a joint study conducted by ASSOCHAM and Deloitte, Indian ecommerce industry has grown steadily from \$4.4 billion in 2010 to \$13.6 billion in 2014 and expected to touch \$16 billion in yearly 2017.

Advantages of Digital Marketing:

- More Cost-Effective in companion to Traditional Marketing: Small businesses have very little resources and even capitalization. This is why Digital Marketing provides them with a better and much more cost-effective marketing channel that delivers results.
 - o Gartner's Digital Marketing Spend Report highlighted that up to 40% of organization believe that by using digital marketing methods of promotion for their products and services, reduced its costs.
- Digital Marketing Facilitates Interaction with Targeted Audiences: With digital marketing, consumers can interact with the company's various activities. Consumers can visit company's website, read information about the products or services and make purchases online and provide feedback. Interacting and providing your customers with proper engagement points can give you an insight of what your targeted audiences want.
 - o This vital information will steer you towards making the right set of next moves, provide your customers with an even better experience, develop good relationships with

them – gaining their loyalty and trust that you will need when your business begins to grow.

- Higher conversion rates: In 2016, state of inbound marketing report claimed that digital marketing is effective way of communication with targeted customers and it will deliver better results in terms of higher conversion rates.
- Because Digital Marketing Caters to the Mobile Consumer: Mobile devices have become a central part of every one life. Mobile gadgets have evolved from being mere alternatives for laptops and personal computers, into something that is influencing their purchasing decisions as confirmed by another report from e-Marketer.
- Clear information about the products or services: Through digital marketing, consumers get clear information about the products or services. There is a little chance of misinterpretation of the information taken from sales person in a retail store. However, Internet provides comprehensive product information which customers can rely on and make purchase decision.
- Digital Marketing Earns People's Trust: Creates Trust due to direct and more personalized interaction between a brand or business and their targeted audiences.
 - o In Nielsen Global Online Consumer Survey that involved 25 thousand consumers from at least 50 countries, 90% of respondents claimed they would trust information about a particular brand, product or service if the data comes from people they know.
- Easy comparison with others: Since many companies are trying to promote their products or services using digital marketing, it is becoming great advantage for the customer in terms that customers can make comparison among products or services by

different suppliers in cost and time friendly way. Customers don't need to visit a number of different retail outlets in order to gain knowledge about the products or services.

- 24/7 Shopping: Since internet is available all day long, there is no time restriction for when customer wants to buy a product online.
- Apparent Pricing: Company shows the prices of products or services through digital marketing channel and this makes prices very clear and transparent for the customers. Company may regularly change the prices or gives special offers on their products or services and customers are always at advantage by getting informed instantly by just looking at the screen.

Enables instant purchase: With traditional marketing, customers first watch the advertisement and then find relevant physical store to purchase the products or services.

Key Issues and challenges of Digital Marketing in India:

- India has a reputation of being Anglophone nation. Still only 10% of its total population speaks English as their first, second or third language. Around one out of four Indians cannot read or write English. So, India's 22 official languages (and several hundred unofficial ones) in 11 different scripts make it a difficult market to crack for internet growth.
- Security and Privacy. Most people do not completely trust Web companies and thus, they hesitate about offering information about themselves on the cyberspace. When companies that collect data are exposed to scammers and spammers, it poses a problem. To adopt a sound policy and implement a fool-proof security measure becomes imperative for e-businesses. In a particular Encryption systems are tools

that online companies should seriously consider investing in.

- There are no perfect metrics to evaluate the effectiveness of digital marketing.
 - o How do you measure the ROI of any channel?
 - o Are there any standards?

There are no set answers for these questions. So, while businesses are aware of the need to spend on digital avenues, they are not aware of how to measure which channel works best for their industry, for their business. Thus it is really a subjective judgement made by business houses and may not be perfect. Analytics is working on developing sophisticated tools for measuring the effectiveness of the digital marketing and hopefully should throw some light for the business houses.
- Impersonal service: Electronic methods of providing customer service are used by businesses which are operating online. Sometimes customers perceived this to as just too impersonal or uncaring. Merchants must develop efficient checkout procedures for selling goods via the Web, for addressing this problem. Hiring call handling services is also taken into consideration, so that customers can talk to real people when they have inquiries about problems that need instant answer.
- Consumer expectations: Meeting the expectations of a consumer base that is continually associated is their main challenge. It's not just about understanding what consumers want, as, or need right now—it's about envisioning trends and demands with the goal that you can time your campaign flawlessly to make a viral sensation
- Abundance of tools: The greatest challenge confronting digital marketers nowadays is abundance. If companies have more accessibility,

then it would increase responsibility. Marketers are currently expected to administer huge volumes of content over various platforms, make unified experiences that turn visitors into fans, followers, and leads, and at the same time measuring the performance of everything with a specific end goal to settle on more informed marketing decisions. It's hard to keep up and stay ahead of the curve.

- Finding and keeping the people who can digitally transform a company: Somebody needs to build all these great user experiences that make the difference to customers' lives. But finding and keeping these people will become increasingly difficult. Designing customer interactions is as much an art as it is a skill. The best people will naturally be drawn to companies that do interesting, cutting edge stuff. That means that companies that want digital success need to become technology companies. As Marc Andreessen said in 2015: "Software is eating the world." Well, right then it was just having a snack. Now it's a banquet.
- Lack of compliance and regulation implementation

Conclusion

While Digital Marketing is necessary and literally no business survives without it, it incurs huge cost, changes every day and presents the problem of plenty. Digital marketing has no boundaries. Company can use any devices such as smartphones, tablets, laptops, televisions, game consoles, digital billboards, and media such as social media, SEO (search engine optimization), videos, content, e-mail and lot more to promote company itself and its products and services. Marketers need to be prompt to identify what would work for them in the short run as well as in the long run, and work in tandem with the other organization functions to effectively use the channel of digital

marketing. No doubt, the digital marketing is here to stay. The challenges if overcome will help each business to differentiate and grow as a leader in its industry. As part of the integrated digital marketing strategy, companies should:

- Define a comprehensive multi-channel marketing strategy to adopt various online and offline channels.
- Adopt a globally accepted flexible model to incorporate technology initiatives like Big Data, high performance computing, cloud services and customer engagement models like ecommerce, online games, mobile services etc.

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UNDERSTANDING THE STRATEGIC IMPERATIVE ROLE OF ARTIFICIAL INTELLIGENCE IN HRM: UNLEASHING THE POWER OF DIGITAL HR AS A NEW WAVE IN INNOVATIVE HRM

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Abstract

The HR technology market is undergoing one of the most disruptive years. With advent of technology matched with the strategic role of HR that is proliferating day by day, it is not even possible to think of a business practice without technological support which aids in effective decision making since gut science is no longer of relevance. With growing significance of artificial intelligence and its wider applications in different perspectives it has become imperative to utilize the benefit of effectual AI in managing HR.

It is obvious to say that nothing can be effectively delivered without pre-planning, effective analysis and strategic perspective, AI matched with HR policies and perspective helps in providing an edge to effectively utilize and produce desired competitive results and also understand reasons behind organization HR centric possible failures.

The paper talks in detail about reasons behind emergence of AI and its applications with HR sub systems. The observations help in generating insights on how to utilize technology led HR emphasizing the role of AI for effectual HR to make HR sustainable.

Keywords: Artificial Intelligence, HRM, disruptive technology led HR

Introduction to Artificial Intelligence

The fact in present business environment is that big data is everywhere. For years, big data seemed to be for the data geeks but today it's used in marketing, customer service, operations and even human resources. "Big data" describes the sheer volume, variety, and velocity of data that resides in most companies. This mega information is difficult to store, search, and analyse, especially with disparate systems and tools exist. With the rising importance of human capital in our economy, HR must enter the big data game in order to make sure organizations remain competitive and that top talent is both acquired and retained.

Artificial intelligence is defined as "an ideal 'intelligent' machine is a flexible rational agent that perceives its environment and takes actions that maximize its chance of success at some goal." It's a branch of computer science that uses machine learning algorithms that mimic cognitive functions; making machines more human-like. It helps leverage intelligent machines keep

us focused on the needs of candidates and employees.

Big data analytics for HR is the process of looking at big data in search of trends, patterns, correlations and insights about human behaviour. The goal is to uncover something that the business didn't know and to be predictive when it comes to certain HR functions like hiring, training and choosing between HR initiatives. Leaders are less risk tolerant than even ten years ago due to the wide spread implications of the recession. CEOs and other leaders no longer base decisions on previous experiences and their gut; leaders now want to see the facts and data that lend support to their particular position.

And often, the data leaders need is either related to customers or employees. This emphasizes the role that AI plays in overall business perspective but the present paper attempts to understand the role that AI plays in making HR more effectual.

By analysing turnover trends, engagement patterns and performance scores, HR could

intervene and improve any problem. HR's focus must be around talent management. It's about acquiring the best, retaining the best, recognizing the best and developing all talent.

Because these processes are an expensive endeavour, HR must look at talent management in a strategic light. HR needs to understand where the company is headed and what skills and competencies will enable the company to reach its goals.

Not only is data critical on the front end with recruiting, but also during the employee lifecycle. It is so important to use multiple data sets together to determine peak performance and critical competencies.

Today's global economy requires increased attention to the issue of business competitiveness. Business information system or Artificial Intelligence and expert system raise the competitiveness of enterprises in the global market. Business intelligence as the basis for the development and application in business information is becoming an important

information technology framework that can help organization to manage, develop and communicate their intangible assets, such as information and knowledge based economy Business applications utilize the specific technologies mentioned earlier to try and make better sense of potentially enormous variability (for example, unknown patterns/relationships in sales data, customer buying habits, and so on). However, within the corporate world, AI is widely used for complex problem-solving and decision-support techniques in real-time business applications. The business applicability of AI techniques is spread across functions ranging from finance management to forecasting and production. In the intensely competitive and dynamic market scenario, decision-making has become fairly complex and latency is inherent in many processes.

Thus, from the above it is clear that AI plays a significant role in providing an edge to effectual HRM.

Interrelationship between AI&HRM

When it comes to people operations and strategic decisions about organizational effectiveness — how we attract, retain, grow, and motivate our people — data analytics does not always come into play. However, human resources leaders are now beginning to recognize that data-driven insights can have a major impact, reducing risk and driving success in decision-making around talent management and organizational performance.

The latest findings from Bersin by Deloitte demonstrate that companies are reporting readiness in people analytics. Those harnessing the power of people-related data to solve business problems rose from 24 percent in 2015 to 32 percent in 2016.

With sophisticated data-driven technologies like artificial intelligence (AI) proliferating

rapidly across business disciplines, it's not surprising that human resources teams are now looking to AI to play an essential role in people strategy and decision-making.

Role of Predictive and prescriptive blended approach

Artificial intelligence is designed to, analyse, and transform data into humanized formats that are easy to digest and act upon. With an influx of data in the HR space, AI has the capacity to provide a wealth of insights in areas including talent assessment, employee engagement, manager effectiveness, and team productivity insights that might otherwise go undiscovered. This helps HR teams better understand and predict workforce trends and problem areas.

More importantly, it can also help solve one of the most important challenges HR teams face today building and executing plans for improvement by recommending specific actions to take to solve the biggest problems.

By gathering data including employee engagement levels, performance information, feedback on culture, and insights on why people leave, AI can surface company-and team-specific predictions instantly. These predictions can include the types of employees that will be the most successful, the populations that are most at risk for turnover or performance issues, or the kinds of teams that will develop the most innovative solutions.

AI systems instantly identify patterns and make connections that would be difficult and time-consuming for individuals to uncover. This predictive intelligence allows HR teams to become more proactive and more strategic with their planning and programs.

AI-powered recommendations or prescriptive intelligence — take predictive intelligence one step further. The system uses historical and trend data, along with best practices and

internal learning and development tools, to provide suggestions for the most impactful actions to resolve identified or predicted problems. HR teams gain insight into why certain areas of opportunity are important to better achieve business goals.

Need of AI in HRM

AI eliminates much of the manual analysis and challenging planning associated with building people programs and provides recommendations based on data rather than gut feelings. As a result, AI is poised to help HR teams and managers make better, less biased decisions and help them take more impactful actions. Ultimately, the power of data for HR organizations isn't just in proving return on investment or predicting future outcomes. The real advantage comes when AI leverages people data to translate insights into action.

With the instant, deep insights AI technology provides, HR leaders and managers are better equipped to attract, retain, and inspire great people, which leads to improved business performance for the organization.

AI-powered technologies combined with human experience and insight are key to building today's effective HR organization. AI has the power to help organizations become even more people-centric — creating happier employees, reducing bias, enabling more valuable programs, and allowing more time to focus on people development.

Data-driven technologies empower HR organizations to achieve a greater impact on business performance. As HR functions become increasingly accountable for influencing business results, harnessing technology that predicts problems and prescribes solutions is the most important step that HR leaders can take to enable stronger business performance.

Research Design

Type of research is descriptive, the conceptual paper based on theoretical hypothesis aims to assess role AI plays in making HR more strategic and business result driven.

Type of data referred is secondary.

Objectives of study

Based on the above conceptual discussion and the identified problem the following objectives are framed-

1. To understand the forces/trends that result into digital HR or technology based HR.
2. To identify the benefits of AI to functional HRM sub systems
3. To conceptualise the disruptive approach of present digital HRM(Causes)

Hypotheses

Hypothesis 1 H01 -There is no significant impact of varied business forces that led to technology based HR

Hypothesis 2 H02 -There are no significant benefit to HR w.r.t to AI

Hypothesis 3 H03 –There is no disruption in digital HRM

Discussion of Study

Objective 1-The first objective of the study was to understand the forces/trends that result into digital HR or technology based HR.

HR technology is growing at a fast pace. There is a plethora of solutions being developed; some by external developers funded by companies, others built in-house, and many being built with the support of existing apps and API's. The trend has largely resulted from a shift of Management philosophies from Talent Management to People Management. Technology has created seemingly unlimited potential for HR to

interact with, and support, an employee's life at work. The availability and accessibility of these options, along with a general shift in popular management style, has allowed HR to manage staff at an individual level. The use of mobile platforms and apps in the HR industry has exploded. As time goes on, HR software will rely increasingly on mobile architecture and cloud technology, despite a slow adoption rate from the industry.

- There has been a shift in focus to how to manage people, with companies now more concerned about staff engagement, teamwork, innovation and collaboration than automating their HR practices.
- There has been a major reinvention of performance management techniques. Companies now understand that feedback and the continual measurement of employee engagement is critical to their success.
- Work-life balance is still an issue, and with workplace culture more fast-paced and globalised than ever before, wellness and emotional fitness are becoming issues of employee performance and engagement.

Apart from this based on major findings of The Bersin by Deloitte HR Report also explores the nine most influential trends anticipated to affect the HR industry next year. Here discussion on those trends and how organisations can adjust to the changing technological landscape.

1. The Accelerating Revolution of Performance Management

- Performance and job satisfaction improves when employees are given the freedom to be creative, contribute to the business as well as their own goals.
- Leading companies are using this knowledge to better cater to their staff's growth; creating systems which measure and manage performance in a fashion which provides regular and

ongoing feedback to employees at all levels within the organisation.

- This has involved the removal of comparative ratings in favour of assessing individual development, goals and achievements.
- Outcome and Observation:** A healthy performance management system should be customised at the organisational as well as individual level. Where possible, managers should support their employees to achieve personal goals, self-motivate and drive their own tasks — so long as these activities align with the overarching mission and culture of the organisation itself. For this to be effective, it should be underpinned by a clear managerial direction to ensure that, while remaining flexible, individual performance goals stay on track with those of the organisation more broadly.

2. Real-time Engagement and relating it to assessment

Companies are embracing digital tools which allow them to survey employees more regularly, and obtain deeper insights about their staff. Using this technology, employees feel more comfortable sharing their personal observations and feedback with their employer.

Observation and outcome: Thus, it can be said that part of the role an HR professional plays is to collect feedback from employees about the organisation, by utilising the right surveying and engagement tools. To be of value, this information not only needs to be collected it must be analysed and used to form new recommendations and strategies for the business. The emergence of new technologies which help us gather survey data will go a long way towards making this process more efficient, and bridging the talent-management gap. However, managers must be

mindful about using that information in a meaningful way once it's been collected. To ensure employees remain engaged and willing to interact with new survey technology, they need to see actions taken on behalf of the feedback they give.

3. Growth in People Analytics

Observation and Outcome - There's been a shift in data analytics in recent years, from a focus on generating 'data warehouses' to actually using that data for predictive modelling. In fact, the latest report suggests that the percentage of HR companies using predictive modelling within their business has doubled over the past three years. The most common way for companies to use people analytics in this way is to model when and why people will leave an organisation.

The takeaway from this trend is the importance of utilising data, as opposed to collecting and warehousing it with no specific outcome in mind. The latter can be a time consuming endeavour, which offers no real value to the organisation.

Instead, when HR managers examine their people analytics, they should have two outcomes in mind:

1. To help understand their existing workforce better, so that a more relevant and effective HR strategy can be build.
2. To continually evaluate their HR practices, and identify areas where improvements can be made.

4. The Evolving Market for Learning

- The corporate learning marketplace is rapidly evolving due to an increasing rate of job change, and new ways of thinking about what learning is. We now consider 'learning' to be more dynamic and self-directed. New

technologies have enabled companies to access internal, customised learning experience platforms. These are being used to curate different types of educational content which match the individual needs of their employees.

Observation and Outcome: According to Bersin report organisations can benefit from implementing a continuous learning model based on what Bersin by Deloitte refer to as the Four 'E's — Exposure, Environment, Education and Experience. This approach focuses on building employee capacity through ongoing education and training, both inside the workplace and outside.

Organization today believe that technology plays a significant role in facilitating this approach, by creating more flexible options and platforms for people to self-educate through. For organisations, it represents a faster and more effective method through which employees can be trained and upskilled in their own time; giving employers the chance to focus more on hiring the right people, and not necessarily the ones who already possess all of the skills required to do the job. After all, business-specific skills and knowledge can be easily learned if the right educational approach is taken, and employees can absorb new information in a way that suits their work-style, responsibilities and schedule.

5. Changes in the Talent Acquisition Process

The digital age has provided unprecedented public access to company information, employer rankings and salary figures. With websites such as Glassdoor, the talent acquisition market has become increasingly transparent. Job boards still have a role in recruitment, but are taking on new formats. The applicant tracking market is ripe for change to enable end-to-end recruitment management systems. The organization

are spending their large percentage on acquiring and retaining the best talent and thus different practices and policies are made to suit the employee needs thus making organization more employee centric.

Observation and outcome: To avoid being left behind the movement of industry-wide change, HR professionals should take full advantage of the new technologies available to them which are designed to refine the recruitment workflow as much as possible. But before this is done, managers must look at where their time is best spent; while tools such as LinkedIn and internally built systems are very effective in carrying out some tasks (such as identifying or attracting potential job candidates), other tasks will still require a human element in order to be done properly (such as interviewing).

6. Rapid Growth in Contingent Workforce Management

HR should reconsider the structure of their workforce within a growing marketplace of contingent workers. Is there potential to open up your organisation to alternate employment models such as these, in order to attract the best possible talent. If it's not feasible for organisation to adopt a new workforce model straight away, consider trialling the use of contingent workers for a specific projects or business phases. Many organisations find that this allows them to maximise their utilisation of resources and enhance overall productivity in the longer term.

7. Merging HR Tools and Team Management

Today's organization are moving away tools specifically designed to help HR, towards those which help employees work more effectively. Systems such as Workday's new LMS area designed to help employees find their next

position within the company, then identify the training resources relevant to obtaining that role.

Observation and outcome: In today's HR climate there's no other option than to focus on the client, and proving the talent and support which will facilitate long term success. To do that, HR professionals must be open to new software, systems and processes that could help employees do their job better. Nowadays, HR focuses more on working to people's strengths, and how we can maximise these skills to but an HR strategy which not only benefits the individual, but the team and the organisation as a whole.

8. **Wellness and Fitness as a strategy to improve employee engagement**

Companies are putting more and more emphasis on work-life balance, understanding the role it plays in fostering a sustainable workforce. As the workplace environment becomes more complex and job roles become more comprehensive (with many employees finding themselves overwhelmed by the diversity of tasks they need to focus on each day), some organisations have turned to technology to help employees manage their workloads.

For this reason there's been an influx of wellness and fitness apps, which assist employees to manage their personal work-life balance — and hopefully improve their level of job satisfaction. For example, employees at Google have access to yoga, work-life balance counselling, dietary support and exercise.

Observation and outcome: As much as we try to avoid it, work inevitably seeps into our personal lives. Those working in managerial and executive roles are often the hardest hit; the fast-paced, high pressure environment makes it difficult to avoid burnout. Yet,

considering the high costs involved in recruitment, small investments in employee wellness can make a monumental difference to long term staff retention and performance. Work-life balance has long been a lofty ideal for busy professionals. Finally, technological solutions are there to help employees bridge the gap between the office and the home, in a way which maximises their abilities, the role of HR in this is to identify the right technologies, apps and software tools to get employees to this stage.

9. **Digital HR: Self-service, Automated HR process**

Most HR processes can now be automated. This has shifted the role of HR professionals from manual recruitment activities, to designing and implementing digital HR tools. Aided by technology, HR can now focus on employee journey maps and experiences — in other words, automating the processes for employee career and job transitions.

Observation and Outcome: Automation technology in HR is not just about plugging in software. To use it effectively, HR managers must take a position of leadership and encourage other individuals, teams and organisations to think about how they might benefit from these tools too. HR can also encourage the uptake of technology by using open-source software and inviting employees and developers to enhance it, holding hack-a-thons, or even designating distinct employee time to 'innovation using technology.

Thus from the above discussion it is clear that the above mentioned forces have led to technology based HR. Thus the null hypothesis is rejected and it can be conceptually interpreted that these trends and forces have led to effective digital HRM.

Objective 2-The second objective of study was to identify the benefits of AI to functional

HRM sub systems. Since one of the other benefit of applying AI to HR perspective is to make it more strategic and result driven it is important to understand how AI helps in making the functional HRM more and more strategic, contribute and business centric in approach.

1. **Candidate Screening-** At present, a number of AI tools exist that can engage the candidate either before or after they apply for a role within an organization. Imagine a world where companies can test candidates by having them interact with a chat box or AI tool, answering common candidate questions about the role while also asking for feedback and information about the candidate. This could help recruiter to effectively assess the candidate in the quickest and most effective way possible.
2. **Candidate Engagement-** Fifty percent of candidates are not receiving any type of communication or having any type of interaction with an employer once they apply for a role on a career site or job board. Artificial intelligence automates a candidate engagement process that goes beyond standard automated emails or messaging workflows using a Hubspot or Marketo-like systems. Certainly, AI can be integrated into these types of candidate automation so that AI be real-time.
3. **Re-Engagement-** Irrespective of effective tools like ATS or CRM, candidate records often go untouched after they apply for the role or after the job requisition is closed. Artificial intelligence allows you to re-engage a very targeted group of candidates to determine their interest level in a position or role, while also using that engagement opportunity to update their candidate record to reflect new positions.
4. **Post-Offer Acceptance.** Once a candidate accepts a job offer, a grey

- area exists—normally two weeks from when a candidate gives notice to when they start working at organization. AI could fill that gap by engaging and following up with the candidate to increase the acceptance rates.
5. New Hire on boarding- While new hire orientation is effective at introducing new hires to the company culture, processes and policies, artificial intelligence can answer other common questions and provide new hires with information and resources that support current programs.
 6. Career Development- Employees need support and possibly customized training, learning and career pathing information that a boss or leader can't always provide. AI offers the ability to scale a career development program or company coaching for each and every employee.
 7. Employee Relations - Artificial intelligence technology can be used in chat form, email or a virtual meeting room, handing over and even booking a meeting between your HR generalist and the employee with respect to all possible questions.
 8. HR Compliance and Case Management - The market is packed with case management software that provides employees with resources and information based on questions they ask with the help of AI documents and employee investigations are submitted through an artificial intelligence tool, asking a series of questions and gathering information for a formal complaint, investigation, or request for information.
 9. Scheduling- Right from interviews or work meetings to scheduling food order AI helps in integrating data with requirement thus saving time energy.
 10. AI help leaders identify challenges - AI guides how company does business and surface challenges and problems based on a pre-set list of algorithms.
- This tech will comb through emails, calendars, project management systems, without compromising any privacy.
11. AI predicts turnover/attrition –It helps in predicting the possible turnover across different levels and functional areas thus helps in revamping plans for training, development, assessment, recruitment and retention plans.
 12. AI will provide insights –This system helps in providing insights in real-time a system that looks at the frequency of conversations across employees, tone of communications, the connections across global organizations, challenges, and successes.
 13. AI empowers front-line managers - AI helps to serve the line-manager as their “HR” partner and provide them access to information typically unavailable behind a firewall.
 14. AI makes leaders better by providing more data –with effective data management and application tools it helps in making employees effective people business partners, making them effective and equipped with data and critical information making effective decision.
 15. Effective Prediction - The first area where AI will have an impact is on the prediction side, particularly in areas like recruiting the right talent and the training/development of best employees. Dealing with humans is messy because people are complicated and we don't yet have the level of granular data on individuals in some areas to feed into AI algorithms to make better predictions. One big area of advancement in AI over the last few years has been natural language processing. Now that human communications, which are mostly in natural language, can be used as data sets, expect to see big improvements in predictive analytics using natural language.
 16. Workflow Automation - The second area where AI will significantly impact HR is in workflow automation. humans were required to program workflows so computers could understand them. For workflows with lots of variability, this was too complicated.
 17. Now, with machine-learning technologies, a machine that sees enough examples of a workflow, even if there is some variability in those examples, can figure out on its own what to do. E.g.simple HR processes like interview scheduling, employee performance reviews, employee on boarding, and even the answering of basic HR questions.
 18. Mass Personalization - The final area where AI will impact HR will be in mass personalization of information, particularly around training and employee growth.
 19. Recruit Without Bias- Artificial intelligence software has the capacity to remove most bias and deliver economic competencies. Utilizing predictive analytics and algorithms, tools like image recognition and data analysis allow these programs to forecast outcomes such as the best applicant, potential resignations or even potential health and safety risks. Software such as Oracle Taleo and IBM Kenexa BrassRing deliver a better candidate search experience by eliminating the need for detailed application forms, using statistical natural language processing to extract resume or social media data for review.
 20. Talent Attraction and Management - Artificial intelligence has emerged in the form of a digital talent platform, connecting individuals with specific tasks based on skills or preferences identified. These platforms act as an efficient way for organizations to identify and recruit additional resources during peak times, as well as motivate and improve productivity,

because the software can identify trends and adjust accordingly. The installation of artificial intelligence software can help your organization remove biases, analyse data and make logical decisions at a volume that usurps human capacity and significantly increases workplace productivity.

21. Reduced unplanned absences - Companies can now identify the drivers of unplanned absences among manufacturing staff, resulting in radical changes in shift schedules, managerial activities, vacation times, and other surprising transformations.

Other areas for HR effectiveness through AI

These programs don't replace HR, instead they act as a digital assistant, managing and monitoring large amounts of data and presenting options or recommendations.

The AI software uses a deep learning system to apply techniques, such as pattern recognition and trial and error, to teach itself how to manage tasks as opposed to step-by-step programming. Possible tasks that could be automated with machine-learning software include analysing reports to make operating decisions, producing staff assignments and reviewing status reports.

Learning experience platforms. The products in this emerging market look like curation systems but may actually replace the current breed of learning management systems (LMSs). Vendors such as Pathgather, Degreed, EdCast, and others are now building content aggregation and curation platforms to bring various kinds of content together into an integrated experience.

Cognitive learning tools, recommendation systems, and microlearning platforms. With so much content now available, intelligent learning systems that can recommend and

push learning at the right time, bring small learning pieces together in a cohesive whole, and help companies author micro learning

Companies such as Axonify (micro learning and spaced-learning platform), Knolskape (knowledge management and embedded-learning platform), Grovo (micro learning platform), and Q stream (spaced learning) are now offering these solutions.

There is a wide variety of software tools (Slack, Workboard, Trello, Asana, Wrike, BetterWorks, 15Five, Basecamp, Rallyteam and others) designed to help people collaborate, share and set goals, and work together as teams.

For example, Workday's new LMS and talent system is designed to help employees use Workday to "find the next position" in their company, and to then locate and view training and video learning that is appropriate for that job.

Thus, from the above discussion it can be concluded that once AI is adopted it leads to highly effective HRM. Thus, witnessing the contributory role of AI in HR highly sustainable organization can be created, this thus rejects the null hypotheses and it can be interpreted that with application of AI HRM becomes strategic and outcome centric.

Objective 3 - The last objective of the study as to understand the causes behind the disruptive approach with respect to technology that HRM is undergoing. Positive perspective is that it helps in understanding the possible causes of failure and also helps in understanding how effectively new technologies are developing to support HRM.

The basic cause and forces that have consistently led and are leading HR to be more contemporary and strategic can be allied to

1. A paradigm shift from talent management to people management—Driven by massive technological change—the shift from cloud to mobile; the explosion in analytics and artificial intelligence; and the emergence of video, social systems, behavioural economics, aHR platforms are changing. The types of technology used, the experiences they deliver, and the underlying designs are new and it goes without saying that no organization of any size can operate without some type of HR function (whether it is called "people operations," "people and culture," or any other catchy name). Organizations have to source, hire, onboard, pay, train, manage, reward, and lead people every day. Decisions about how to best implement these people-related processes are complex, uncertain, and managing people effectively takes a tremendous amount of administration. Staffing, payroll, training, benefits administration, retirement programs, time-tracking, and programs such as employee relocation and expense management are enormously important and bureaucratic. Tools that do these things well can pay for themselves many times over. All of these factors contribute to the huge market for HR technology
2. People analytics- People analytics have now truly arrived. HR departments realize that their future is dependent on their ability to harness people data and build predictive analytics models. This has led to a huge investment in analytics by HR vendors. Today, many companies are spending heavily HR platforms simply to better understand their people data.
3. Mobile platforms - The use of mobile platforms has exploded and it is quite obvious that the HR software of the future will be built entirely on mobile

- architectures, with cloud technology becoming invisible behind the scenes.
4. Platform as a service (PaaS)- In an effort to build sustainable platform businesses, cloud application vendors have shifted toward PaaS strategies. PaaS technologies let vendors create an array of partner applications that leverage and extend their core offerings—a family of exciting, intimate apps connected to the platform. Today vendors such as ADP (ADP Marketplace), SAP (HANA Marketplace), IBM (IBM Bluemix), and Cornerstone OnDemand (Cornerstone Edge) have all created app stores to enable nimble, innovative software developers to build applications that take advantage of their services.
 5. A Shift in Business Focus, changing the way people are managed - Today, companies are far less focused on automating and integrating their talent practices. They want HR tech solutions that are engaging, useful, and productivity-oriented. Integrated talent management is still important, but it has become a “hygiene” problem. The real focus is on reinventing how people work; creating team-based tools for goal alignment and coaching and rethinking the way we measure performance, manage careers, and enable individual learning. Deloitte, for example, discovered that employees were spending more than 1 million hours a year on the old process—so the company revamped the whole thing. Companies such as GE, IBM, Adobe, Microsoft, NY Life, Goldman Sachs, Morgan Stanley, and many others are doing the same.
 6. Organization mind-set- The other most important reason behind this disruption is change in the mind-set of organization right from top management policy, procedure, practice and the way strategy for

running a sustainable business is designed. The organization started with a centralized approach of working and have finally adapted to beliefs in action like –

- Shared values & culture
- Transparent goals & projects
- Free flow of information & feedback
- People rewarded for their skills & abilities, not their position in a hierarchy

Leading companies are now reinventing the way they manage and measure performance, creating a more agile approach built around periodic check-ins; shared goals that are developed from the bottom up and transparent to the entire team.

Implications of Study

Thus from the above discussion it can be understood that with the present level of stiff competition and uncertainty the only option to remain sustainable is to remain contemporary with technology led HRM. With the emerging role and wider availability of HR tools it is very significant to relate different perspective of HRM with AI. With the planned and mixed approach of algorithm, decision science and regular modelling it is very clear that HR sub dimensions will remain competitive and sustainable.

Thus organization once adopt and align the AI application with HR sub system with clarity and purpose every stakeholder of business will remain sustainable, innovative and ongoing.

Conclusion

Thus, based on the objectives of study it can be said that Artificial intelligence plays a crucial role in making HR processes and functions more and more useful, strategic and contemporary. The key theme in the most recent wave of artificial intelligence technologies is that HR software will become software that learns from experience. Once you give these programs a goal, they will

experiment on their own and find the best ways to achieve that goal. The thing that makes me most excited about intelligent software is that, compared to traditional software, it just gets more valuable over time as it learns from user interactions.

Following the 2000 recession, competition for talent became fierce, creating what we now refer to as the “war for talent.” This new business focus enabled a market for talent management software, and that sector quickly exploded with innovation. Companies such as Taleo and BrassRing (recruiting), Saba and SumTotal (learning), SuccessFactors and Softscape (performance management), and dozens of others began to offer software to automate and integrate talent management.

These disruptive vendors then started to use a new technology architecture: software-as-a service (SaaS) or on-demand software. At first, this technology was not referred to as “the cloud” (it was called “hosted” or “on-demand”); but whatever it was called, as these vendors convinced companies to use their hosted solutions, organizations began to shift their HR technology away from on-premise systems.

While all this was going on, the entire computing world was moving to the cloud. Companies such as Google, Facebook, LinkedIn, and others served as clear examples to HR departments that running their own software was no longer necessary—connecting cloud-based HR systems to social networks was the future.

Thus, the historical perspective, the reason of upsurge and adoptability of AI in making HR a strategic partner for organization and retaining the talent and thus building talent reservoir across is understood. It will help both in automation of the process as well in making effective data utilization right from prediction, modelling and ensuring effectiveness of each employee.

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10

TECHNOLOGY REVOLUTION AND ITS IMPACT ON LEGAL ENVIRONMENT

“ADVANCE TECHNOLOGY AND LAWS”

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Abstract

Looking at the present scenario one can easily predict the dominance of technology revolution. Globalization and liberalization has expanded their wings in the cyber world and this expansion now leads towards the growth of cyber crime . We can bring revolution in technology with the help of globalised technology. As we enter into the globalised world we are actually entering into the time of advance technology. Technology is not always good for us sometimes it is having some bad effect also. Without technology we cannot progress ourselves. So advancement of technology is must but at the same time due to changes in the situations we have to take care, that , no one can misuse these technology .For doing this the best method which we can opt is to make laws on these advanced technology so that technology can be protected . As the society advances it requires changes and accordingly we have to change our laws also. With time we have to make laws very strict and adjustable according to the prevailing situations. Internet is one the best tool through which we can globalise our techniques. Internet is providing us the best means to get any information on any topic . But it is harmful also .As there are various hackers who always try to hack the account of any person to harm them Now a day’s crime is not only of criminal and civil nature but now it is technical in nature. Previous laws are not sufficient enough to get rid of it , so that we need some specific laws which provides protection to common man. As we are in favor of cashless society and for that we have to be dependent upon internet so we have to make ourselves aware about the precautionary measures through which we can avail the remedy if something happens wrong. Globisation is all about the advancement of technology with this we have to change our legal environment also.

In this research paper basically we are focusing upon the laws which provides protection from the crime which creates hurdles in making our country an advanced developed globalised country.

Keywords: Technology Revolution, Legal Environment, Criminal and Civil Nature, Globalization, Hackers, Interconnected, Techniques

INTRODUCTION

Technology is the collection of techniques, skills, methods and processes used in the production of goods or services or in the accomplishment of objectives, such as scientific investigation.

The human species’ use of technology began with the conversion of natural resources into simple tools.

Technology has many effects. It has helped develop more advanced economies (including today’s global economy) and has allowed the rise of a leisure class. Many technological processes produce unwanted by-products known as pollution and deplete natural resources to the detriment of Earth’s environment. Various implementations of technology influence the values of a society

and new technology often raises new ethical questions. Examples include the rise of the notion of efficiency in terms of human productivity, a term originally applied only to machines, and the challenge of traditional norms.

USE OF TECHONOLOGY

1. Use of technology in business:

Today businesses can save money by using technology to perform certain tasks. When you compare the amount of money spent on hiring an individual to perform a certain task and to guarantee delivery on time, it is totally expensive. When it comes to technology a small business can scale out and deliver more with less human resource.

2. The Use of technology in communication:

Unlike in the past when communication was limited to letter writing and waiting for those postal services to deliver your message. Today technology has made the field of communications so easy. Now you can draft a business message and email it or fax in a second without any delays, the recipient will get the message an they will reply you instantly.

3. Use of technology in human relationships:

As the world develops, people are getting more carried away with their work and carries. Today a lot is demanded so every one is busy to have time to find a relationship. So technology has also filled this part.

With technology you can connect and meet new people while at work using social network technology. You can also use technology to find a new date without living your work. Now days people use mobile phone apps to meet and connect with new and old friends. Social networks like Facebook, com , Tagged.com have played a big role in connecting both old and new relationships.

4. Use of technology in education:

Today, technology has made a very big change in the education world. With the invention of technological gadgets and mobile apps which helps students learn easily. Now days you can access a full library via a mobile app on any smart phone or ipad. Before inventing this technology, students had to go to physical libraries to get the information they need. some of these library Apps include

5. Use of technology in purchasing:

Technology has also made the buying and selling of good so flexible. With the introduction e-payment systems like Paypal.com and Square Wallet App , users can easily purchase any thing online without living the comfort of their homes.

6. The Use of technology in agriculture:

With the invention of Mobile App for farmers, they can use an App like "FamGraze" to work faster and be more accurate while in the field and off the field. For example, "FamGraze" app will help a farmer manage their grass more effectively by suggesting the cheapest feed for their livestock. This app will calculate the amount of grass your animals have in the field. You will need no paper or any spreadsheets to do all this. Saving you more time while in the field.

7. Use of technology in banking:

Now electronic banking moving money has become so simple. The invention of VISA ELECTRON has

made it simple to move with more money with out having any fears of getting robbed on the way. You can buy any thing with a Visa Electron card, so in this case you don't have to move with cash.

8. Use of technology to control and harness natural forces:

Natural forces affect and disrupt human life and daily economic activates. For example; Floods wash away farmland and homes, they carry out fertile top soil and disrupt the growth of crops. Also fires burn buildings, crops and forests which affect human life. However, technology has enabled humans build large dams which can harbor excess water and use that water to generate power. Also fire is tamed to heat our homes and process industrial materials. Wind is being used to generate electricity. We have converted solar energy to power which is being used in homes and businesses. All this is a result of using technology to control natural forces.

9. Use of technology in transportation:

Transportation is one of the basic areas of technological activity.Both businesses and individuals have benefited from the new technologies in the travel industry. Time is money , so we must have first and efficient means of transport. Try to imagine life without well developed transportation systems. I think of transportation in the same light as food, clothing and shelter. It has become a basic need , because we use advanced transport means like cars , trains , airplanes to go to work , to transport goods , to go shopping, to visit friends and families and so much more.

REVOLUTION IN TECHNOLOGY

So we have seen there are various uses of technology. As technology gets advane

problems are also there with the technology . Its very easy to handle all techniques but its not easy once problem arises with it . If certain problem are there in the uses of technology to solve this problem we are havint it experts but if any wrong act is being involved in that to stop the crime we have to take help of laws . Laws should be very strict then only these crimes will be stopped

As we seen so many of terrorist attacks whrer errorist uses the hi techqe technology to attack on difeernt differtn countries . Its revolution can change the world at the same time its revolution can destroy the world also;

1. Law firms are making a greater investment in IT.

Nearly six in 10 (59 percent) lawyers interviewed for the Future Law Office project said their law firms will increase spending on technology in the next two years. Law firms plan to purchase software (79percent), hardware (72 percent), desktop PCs (62 percent), laptops (49 percent), tablet PCs or handheld computers (44 percent) and smartphones (41 percent).

2. Web-based tools are improving client communication and the delivery of legal services.

Lawyers surveyed said their law firms used e-filing systems (83 percent), meeting or audio-conferencing tools (79 percent), document storage sites (58 percent), collaborative or information-sharing sites (51 percent) and client portals or extranets (30 percent).

- Law firms' office footprint is shrinking. With mobile devices and wireless networks enabling lawyers to work remotely from any location, law firms are reducing the size of their offices and reconfiguring workspaces.

3. Technology is leveling the playing field.

With firms of all sizes now using

similar products, services and tools, small firms and solo practitioners are able to establish a bigger presence online and, in some cases, better compete with larger firms.

4. Corporate legal departments are using tech tools to manage higher workloads.

Nearly one in three in-house counsel (30 percent) interviewed said their legal department's greatest challenge is reducing budgets/controlling costs. They are utilizing technology solutions to streamline communications with outside counsel and improve efficiencies.

5. Technology has dramatically changed the realm of discovery.

As the amount of electronic data grows exponentially, e-discovery remains both a growth area and a challenge for law firms and their corporate clients.

Law Firms Take a Strategic Approach to Technology

"Technology has changed the practice of law – from the way legal teams prepare for trial and present cases, to how they communicate with clients and colleagues," said Charles Volkert, executive director of Robert Half Legal. "Knowledge-sharing platforms, portals and intranets are being used by an increasingly mobile legal workforce. These systems, along with laptops, tablet computers and smartphones, have become essential to law firm productivity."

A growing number of firms are marketing their professional services to different audiences via social media, the research found. However, law firms using these online networks, as well as cloud computing-based services to store data, must address new privacy concerns regarding the security of privileged information. This has prompted many firms to allocate additional resources toward protecting their systems and safeguarding confidential data.

Corporate Legal Departments Use Technology to Reduce Costs

Software designed to monitor expenses and improve the work process is gaining in popularity among corporate legal departments, the research showed. "Many companies are using project management tools to track spending, and streamlining workflow with group calendaring and online collaboration tools," Volkert said.

Technology is influencing the type of work being assigned to outside counsel, as well. "While litigation and e-discovery projects are typically outsourced, if internal teams have access to the same software programs and systems as their law firms, general counsel might keep certain matters in-house to contain costs," Volkert said.

REASONS FOR CYBERCRIME: PROBLEMS

1. Capacity to store data in comparatively small space:-
2. Easy to access:-
3. Complex-
4. Negligence:-
5. Loss of evidence:-

COMMON CYBER-CRIME SCENARIOS AND APPLICABILITY OF LEGAL SECTIONS

Cyber-crime scenarios which can attract prosecution as per the penalties and offences prescribed in IT Act 2000 (amended via 2008) Act

Harassment via fake public profile on social networking site

A fake profile of a person is created on a social networking site with the correct address, residential information or contact details but he/she is labelled as 'prostitute' or a person of 'loose character'. This leads to harassment of the victim. Provisions Applicable:- Sections 66A, 67 of IT Act and Section 509 of the Indian Penal Code.

Online Hate Community

Online hate community is created inciting a religious group to act or pass objectionable remarks against a country, national figures etc. Provisions Applicable: Section 66A of IT Act and 153A & 153B of the Indian Penal Code.

Email Account Hacking

If victim's email account is hacked and obscene emails are sent to people in victim's address book. Provisions Applicable:- Sections 43, 66, 66A, 66C, 67, 67A and 67B of IT Act.

Credit Card Fraud

Unsuspecting victims would use infected computers to make online transactions. Provisions Applicable:- Sections 43, 66, 66C, 66D of IT Act and section 420 of the IPC.

Web Defacement

The homepage of a website is replaced with a pornographic or defamatory page. Government sites generally face the wrath of hackers on symbolic days. Provisions Applicable:- Sections 43 and 66 of IT Act and Sections 66F, 67 and 70 of IT Act also apply in some cases.

Introducing Viruses, Worms, Backdoors, Rootkits, Trojans, Bugs

All of the above are some sort of malicious programs which are used to destroy or gain access to some electronic information. Provisions Applicable:- Sections 43, 66, 66A of IT Act and Section 426 of Indian Penal Code.

Cyber Terrorism

Many terrorists use virtual (GDrive, FTP sites) and physical storage media (USB's, hard drives) for hiding information and records of their illicit business. Provisions Applicable: Conventional terrorism laws may apply along with Section 69 of IT Act.

Online sale of illegal Articles

Where sale of narcotics, drugs weapons and wildlife is facilitated by the Internet Provisions Applicable:- Generally conventional laws apply in these cases.

Cyber Pornography

Among the largest businesses on Internet. Pornography may not be illegal in many countries, but child pornography is. Provisions Applicable:- Sections 67, 67A and 67B of the IT Act.

Phishing and Email Scams

Phishing involves fraudulently acquiring sensitive information through masquerading a site as a trusted entity. (E.g. Passwords, credit card information) Provisions Applicable:- Section 66, 66A and 66D of IT Act and Section 420 of IPC

Theft of Confidential Information

Many business organizations store their confidential information in computer systems. This information is targeted by rivals, criminals and disgruntled employees. Provisions Applicable:- Sections 43, 66, 66B of IT Act and Section 426 of Indian Penal Code.

Source Code Theft

A Source code generally is the most coveted and important "crown jewel" asset of a company. Provisions applicable:- Sections 43, 66, 66B of IT Act and Section 63 of Copyright Act.

Tax Evasion and Money Laundering

Money launderers and people doing illegal business activities hide their information in virtual as well as physical activities. Provisions Applicable: Income Tax Act and Prevention of Money Laundering Act. IT Act may apply case-wise.

Online Share Trading Fraud

It has become mandatory for investors to have their demat accounts linked with their online banking accounts which are generally

accessed unauthorized, thereby leading to share trading frauds. Provisions Applicable: Sections 43, 66, 66C, 66D of IT Act and Section 420 of IPC

LAWS MADE FOR THE PROTECTION OF TECHNOLOGY

IT legislation in India

The Government of India enacted its Information Technology Act 2000 with the objectives stating officially as:

"to provide legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as "electronic commerce", which involve the use of alternatives to paper-based methods of communication and storage of information, to facilitate electronic filing of documents with the Government agencies and further to amend the Indian Penal Code, the Indian Evidence Act, 1872, the Bankers' Books Evidence Act, 1891 and the Reserve Bank of India Act, 1934 and for matters connected therewith or incidental thereto."

Notable features of the ITAA 2008 are:

- Focusing on data privacy
- Focusing on Information Security
- Defining cyber café
- Making digital signature technology neutral
- Defining reasonable security practices to be followed by corporate
- Redefining the role of intermediaries
- Recognizing the role of Indian Computer Emergency Response Team
- Inclusion of some additional cyber crimes like child pornography and cyber terrorism
- Authorizing an Inspector to investigate cyber offenses (as against the DSP earlier)

What is a cyber crime?

Cyber Crime is not defined officially in IT Act or in any other legislation. In fact, it

cannot be too. Offence or crime has been dealt with elaborately listing various acts and the punishments for each, under the Indian Penal Code, 1860 and related legislations. Hence, the concept of cyber crime is just a "combination of crime and computer".

Cases Studies as per selected IT Act Sections

Section 43 – Penalty and Compensation for damage to computer, computer system, etc

Related Case: Mphasis BPO Fraud: 2005 In December 2004, four call centre employees, working at an outsourcing facility operated by Mphasis in India, obtained PIN codes from four customers of Mphasis' client, Citi Group. These employees were not authorized to obtain the PINs. In association with others, the call centre employees opened new accounts at Indian banks using false identities. Within two months, they used the PINs and account information gleaned during their employment at Mphasis to transfer money from the bank accounts of CitiGroup customers to the new accounts at Indian banks.

By April 2005, the Indian police had tipped off to the scam by a U.S. bank, and quickly identified the individuals involved in the scam. Arrests were made when those individuals attempted to withdraw cash from the falsified accounts, \$426,000 was stolen; the amount recovered was \$230,000.

Verdict: Court held that Section 43(a) was applicable here due to the nature of unauthorized access involved to commit transactions.

Section 65 – Tampering with Computer Source Documents

Related Case: Syed Asifuddin and Ors. Vs. The State of Andhra Pradesh In this case, Tata Indicom employees were arrested for manipulation of the electronic 32-bit number (ESN) programmed into cell phones

theft were exclusively franchised to Reliance Infocomm.

Verdict: Court held that tampering with source code invokes Section 65 of the Information Technology Act.

Section 66 – Computer Related offenses

Related Case: Kumar v/s Whiteley In this case the accused gained unauthorized access to the Joint Academic Network (JANET) and deleted, added files and changed the passwords to deny access to the authorized users. Investigations had revealed that Kumar was logging on to the BSNL broadband Internet connection as if he was the authorized genuine user and ‘made alteration in the computer database pertaining to broadband Internet user accounts’ of the subscribers. The CBI had registered a cyber crime case against Kumar and carried out investigations on the basis of a complaint by the Press Information Bureau, Chennai, which detected the unauthorised use of broadband Internet. The complaint also stated that the subscribers had incurred a loss of Rs 38,248 due to Kumar’s wrongful act. He used to ‘hack’ sites from Bangalore, Chennai and other cities too, they said.

Verdict: The Additional Chief Metropolitan Magistrate, Egmore, Chennai, sentenced N G Arun Kumar, the techie from Bangalore to undergo a rigorous imprisonment for one year with a fine of Rs 5,000 under section 420 IPC (cheating) and Section 66 of IT Act (Computer related Offense).

Section 66A – Punishment for sending offensive messages through communication service

Relevant Case #1: Fake profile of President posted by imposter On September 9, 2010, the imposter made a fake profile in the name of the Hon’ble President Pratibha Devi Patil. A complaint was made from Additional Controller, President Household, President Secretariat regarding the four fake profiles created in the name of Hon’ble President on

social networking website, Facebook. The said complaint stated that president house has nothing to do with the facebook and the fake profile is misleading the general public. The First Information Report Under Sections 469 IPC and 66A Information Technology Act, 2000 was registered based on the said complaint at the police station, Economic Offences Wing, the elite wing of Delhi Police which specializes in investigating economic crimes including cyber offences.

Relevant Case #2: Bomb Hoax mail In 2009, a 15-year-old Bangalore teenager was arrested by the cyber crime investigation cell (CCIC) of the city crime branch for allegedly sending a hoax e-mail to a private news channel. In the e-mail, he claimed to have planted five bombs in Mumbai, challenging the police to find them before it was too late. At around 1p.m. on May 25, the news channel received an e-mail that read: “I have planted five bombs in Mumbai; you have two hours to find it.” The police, who were alerted immediately, traced the Internet Protocol (IP) address to Vijay Nagar in Bangalore. The Internet service provider for the account was BSNL, said officials.

Section 66D – Punishment for cheating by impersonation by using computer resource

Relevant Case: Sandeep Vaghese v/s State of Kerala

A complaint filed by the representative of a Company, which was engaged in the business of trading and distribution of petrochemicals in India and overseas, a crime was registered against nine persons, alleging offenses under Sections 65, 66, 66A, C and D of the Information Technology Act along with Sections 419 and 420 of the Indian Penal Code.

The company has a web-site in the name and style ‘www.jaypolychem.com’ but, another web site ‘www.jayplychem.org’ was set up in the internet by first accused Samdeep Vaghese @ Sam, (who was dismissed from

the company) in conspiracy with other accused, including Preeti and Charanjeet Singh, who are the sister and brother-in-law of ‘Sam’

Defamatory and malicious matters about the company and its directors were made available in that website. The accused sister and brother-in-law were based in Cochin and they had been acting in collusion known and unknown persons, who have collectively cheated the company and committed acts of forgery, impersonation etc.

Two of the accused, Amardeep Singh and Rahul had visited Delhi and Cochin. The first accused and others sent e-mails from fake e-mail accounts of many of the customers, suppliers, Bank etc. to malign the name and image of the Company and its Directors. The defamation campaign run by all the said persons named above has caused immense damage to the name and reputation of the Company.

The Company suffered losses of several crores of Rupees from producers, suppliers and customers and were unable to do business.

Section 66E – Punishment for violation of privacy

Relevant Cases:

Jawaharlal Nehru University MMS scandal In a severe shock to the prestigious and renowned institute – Jawaharlal Nehru University, a pornographic MMS clip was apparently made in the campus and transmitted outside the university. Some media reports claimed that the two accused students initially tried to extort money from the girl in the video but when they failed the culprits put the video out on mobile phones, on the internet and even sold it as a CD in the blue film market.

Nagpur Congress leader’s son MMS scandal On January 05, 2012 Nagpur Police arrested two engineering students, one of them a son

of a Congress leader, for harassing a 16-year-old girl by circulating an MMS clip of their sexual acts. According to the Nagpur (rural) police, the girl was in a relationship with Mithilesh Gajbhiye, 19, son of Yashodha Dhanraj Gajbhiye, a zila parishad member and an influential Congress leader of Saoner region in Nagpur district.

Section-66F Cyber Terrorism

Relevant Case: The Mumbai police have registered a case of ‘cyber terrorism’—the first in the state since an amendment to the Information Technology Act—where a threat email was sent to the BSE and NSE on Monday. The MRA Marg police and the Cyber Crime Investigation Cell are jointly probing the case. The suspect has been detained in this case. The police said an email challenging the security agencies to prevent a terror attack was sent by one Shahab Md with an ID sh.itaiyeb125@yahoo.in to BSE’s administrative email ID corp.relations@bseindia.com at around 10.44 am on Monday. The IP address of the sender has been traced to Patna in Bihar. The ISP is Sify. The email ID was created just four minutes before the email was sent. “The sender had, while creating the new ID, given two mobile numbers in the personal details column. Both the numbers belong to a photo frame-maker in Patna,” said an officer.

Status: The MRA Marg police have registered forgery for purpose of cheating, criminal intimidation cases under the IPC and a cyber-terrorism case under the IT Act.

Section 67 – Punishment for publishing or transmitting obscene material in electronic form

Relevant Case: This case is about posting obscene, defamatory and annoying message about a divorcee woman in the Yahoo message group. E-mails were forwarded to the victim for information by the accused through a false e-mail account opened by him in the name of the victim. These postings resulted in annoying phone calls to the lady.

Based on the lady’s complaint, the police nabbed the accused. Investigation revealed that he was a known family friend of the victim and was interested in marrying her. She was married to another person, but that marriage ended in divorce and the accused started contacting her once again. On her reluctance to marry him he started harassing her through internet.

Verdict: The accused was found guilty of offences under section 469, 509 IPC and 67 of IT Act 2000. He is convicted and sentenced for the offence as follows:

As per 469 of IPC he has to undergo rigorous imprisonment for 2 years and to pay fine of Rs.500/-

As per 509 of IPC he is to undergo to undergo 1 year Simple imprisonment and to pay Rs 500/-

As per Section 67 of IT Act 2000, he has to undergo for 2 years and to pay fine of Rs.4000/-

All sentences were to run concurrently.

The accused paid fine amount and he was lodged at Central Prison, Chennai. This is considered the first case convicted under section 67 of Information Technology Act 2000 in India.

Section 67B – Punishment for publishing or transmitting of material depicting children in sexually explicit act, etc. in electronic form

Relevant Case: Janhit Manch & Ors. v. The Union of India 10.03.2010 Public Interest Litigation: The petition sought a blanket ban on pornographic websites. The NGO had argued that websites displaying sexually explicit content had an adverse influence, leading youth on a delinquent path.

Section 69 – Powers to issue directions for interception or monitoring or decryption of any information through any computer resource

Relevant Case: In August 2007, Lakshmana Kailash K., a techie from Bangalore was

arrested on the suspicion of having posted insulting images of Chhatrapati Shivaji, a major historical figure in the state of Maharashtra, on the social-networking site Orkut. The police identified him based on IP address details obtained from Google and Airtel -Lakshmana’s ISP. He was brought to Pune and detained for 50 days before it was discovered that the IP address provided by Airtel was erroneous. The mistake was evidently due to the fact that while requesting information from Airtel, the police had not properly specified whether the suspect had posted the content at 1:15 p.m.

Verdict: Taking cognizance of his plight from newspaper accounts, the State Human Rights Commission subsequently ordered the company to pay Rs 2 lakh to Lakshmana as damages. The incident highlights how minor privacy violations by ISPs and intermediaries could have impacts that gravely undermine other basic human rights.

PENALTIES, COMPENSATION AND ADJUDICATION SECTIONS

Section 43 – Penalty and Compensation for damage to computer, computer system
If any person without permission of the owner or any other person who is in-charge of a computer, computer system or computer network –

Accesses or secures access to such computer, computer system or computer network or computer resource

Downloads, copies or extracts any data, computer data, computer database or information from such computer, computer system or computer network including information or data held or stored in any removable storage medium;

Introduces or causes to be introduced any computer contaminant or computer virus into any computer, computer system or computer network-

Damages or causes to be damaged any computer, computer system or computer network, data, computer database, or any other programmes residing in such computer, computer system or computer network Disrupts or causes disruption of any computer, computer system, or computer network;

Denies or causes the denial of access to any person authorised to access any computer, computer system or computer network by any means

Charges the services availed of by a person to the account of another person by tampering with or manipulating any computer of a computer, computer system or computer network-

Provides any assistance to any person to facilitate access to a computer, computer system or computer network in contravention of the provisions of this Act, rules or regulations made there under,

Charges the services availed of by a person to the account of another person by tampering with or manipulating any computer, computer system, or computer network,

Destroys, deletes or alters any information residing in a computer resource or diminishes its value or utility or affects it injuriously by any means,

Steals, conceals, destroys or alters or causes any person to steal, conceal, destroy or alter any computer source code used for a computer resource with an intention to cause damage, he shall be liable to pay damages by way of compensation to the person so affected.

Section 43A – Compensation for failure to protect data Where a body corporate, possessing, dealing or handling any sensitive personal data or information in a computer resource which it owns, controls or operates,

is negligent in implementing and maintaining reasonable security practices and procedures and thereby causes wrongful loss or wrongful gain to any person, such body corporate shall be liable to pay damages by way of compensation, not exceeding five crore rupees, to the person so affected.

Section 44 – Penalty for failure to furnish information or return, etc.

If any person who is required under this Act or any rules or regulations made there under to –

Furnish any document, return or report to the Controller or the Certifying Authority, fails to furnish the same, he shall be liable to a penalty not exceeding one lakh and fifty thousand rupees for each such failure;

File any return or furnish any information, books or other documents within the time specified therefore in the regulations, fails to file return or furnish the same within the time specified therefore in the regulations, he shall be liable to a penalty not exceeding five thousand rupees for every day during which such failure continues:

Maintain books of account or records, fails to maintain the same, he shall be liable to a penalty not exceeding ten thousand rupees for every day during which the failure continues.

Section 45 – Residuary Penalty Whoever contravenes any rules or regulations made under this Act, for the contravention of which no penalty has been separately provided, shall be liable to pay a compensation not exceeding twenty-five thousand rupees to the person affected by such contravention or a penalty not exceeding twenty-five thousand rupees.

Section 47 – Factors to be taken into account by the adjudicating officer

Section 47 lays down that while adjudging the quantum of compensation under this Act, an adjudicating officer shall have due regard to the following factors, namely :-

The amount of gain of unfair advantage, wherever quantifiable, made as a result of the default;

The amount of loss caused to the person as a result of the default,

The repetitive nature of the default.

Offences Sections

Section 65 – Tampering with Computer Source Documents

If any person knowingly or intentionally conceals, destroys code or alters or causes another to conceal, destroy code or alter any computer, computer program, computer system, or computer network, he shall be punishable with imprisonment up to three years, or with fine up to two lakh rupees, or with both.

Section – 66 Computer Related Offences

If any person, dishonestly, or fraudulently, does any act referred to in section 43, he shall be punishable with imprisonment for a term which may extend to two three years or with fine which may extend to five lakh rupees or with both.

Section 66A – Punishment for sending offensive messages through communication service

Any person who sends, by means of a computer resource or a communication device,

Any information that is grossly offensive or has menacing character;

Any information which he knows to be false, but for the purpose of causing annoyance, inconvenience, danger, obstruction, insult, injury, criminal intimidation, enmity, hatred, or ill will, persistently makes by making use of such computer resource or a communication device,

Any electronic mail or electronic mail message for the purpose of causing annoyance or inconvenience or to deceive or to mislead the addressee or recipient about the origin

of such messages shall be punishable with imprisonment for a term which may extend to three years and with fine.

Section 66B – Punishment for dishonestly receiving stolen computer resource or communication device. Whoever dishonestly receives or retains any stolen computer resource or communication device knowing or having reason to believe the same to be stolen computer resource or communication device, shall be punished with imprisonment of either description for a term which may extend to three years or with fine which may extend to rupees one lakh or with both.

Section 66C – Punishment for identity theft Whoever, fraudulently or dishonestly make use of the electronic signature, password or any other unique identification feature of any other person, shall be punished with imprisonment of either description for a term which may extend to three years and shall also be liable to fine which may extend to rupees one lakh.

Section 66D – Punishment for cheating by personation by using computer resource Whoever, by means of any communication device or computer resource cheats by personating; shall be punished with imprisonment of either description for a term which may extend to three years and shall also be liable to fine which may extend to one lakh rupees.

Section 66E – Punishment for violation of privacy Whoever, intentionally or knowingly captures, publishes or transmits the image of a private area of any person without his or her consent, under circumstances violating the privacy of that person, Explanation – For the purposes of this section:

“transmit” means to electronically send a visual image with the intent that it be viewed by a person or persons;

“capture”, with respect to an image, means to videotape, photograph, film or record by any means;

“private area” means the naked or undergarment clad genitals, pubic area, buttocks or female breast;

“publishes” means reproduction in the printed or electronic form and making it available for public;

“under circumstances violating privacy” means circumstances in which a person can have a reasonable expectation that— he or she could disrobe in privacy, without being concerned that an image of his private area was being captured; or

any part of his or her private area would not be visible to the public, regardless of whether that person is in a public or private place shall be punished with imprisonment which may extend to three years or with fine not exceeding two lakh rupees, or with both.

Section-66F Cyber Terrorism

Whoever,- with intent to threaten the unity, integrity, security or sovereignty of India or to strike terror in the people or any section of the people by –

denying or cause the denial of access to any person authorized to access computer resource; or

attempting to penetrate or access a computer resource without authorization or exceeding authorized access; or

introducing or causing to introduce any Computer Contaminant and by means of such conduct causes or is likely to cause death or injuries to persons or damage to or destruction of property or disrupts or knowing that it is likely to cause damage or disruption of supplies or services essential to the life of the community or adversely affect the critical information infrastructure

specified under section 70, or

knowingly or intentionally penetrates or accesses a computer resource without authorization or exceeding authorized access, and by means of such conduct obtains access to information, data or computer database that is restricted for reasons of the security of the State or foreign relations; or any restricted information, data or computer database, with reasons to believe that such information, data or computer database so obtained may be used to cause or likely to cause injury to the interests of the sovereignty and integrity of India, the security of the State, friendly relations with foreign States, public order, decency or morality, or in relation to contempt of court, defamation or incitement to an offence, or to the advantage of any foreign nation, group of individuals or otherwise, commits the offence of cyber terrorism.

Whoever commits or conspires to commit cyber terrorism shall be punishable with imprisonment which may extend to imprisonment for life.

Section 67 – Punishment for publishing or transmitting obscene material in electronic form

Whoever publishes or transmits or causes to be published in the electronic form, any material which is lascivious or appeals to the prurient interest or if its effect is such as to tend to deprave and corrupt persons who are likely, having regard to all relevant circumstances, to read, see or hear the matter contained or embodied in it, shall be punished on first conviction with imprisonment of either description for a term which may extend to two three years and with fine which may extend to five lakh rupees and in the event of a second or subsequent conviction with imprisonment of either description for a term which may extend to five years and also with fine which may extend to ten lakh rupees.

Section 67A – Punishment for publishing or transmitting of material containing sexually explicit act, etc. in electronic form

Whoever publishes or transmits or causes to be published or transmitted in the electronic form any material which contains sexually explicit act or conduct shall be punished on first conviction with imprisonment of either description for a term which may extend to five years and with fine which may extend to ten lakh rupees and in the event of second or subsequent conviction with imprisonment of either description for a term which may extend to seven years and also with fine which may extend to ten lakh rupees.

Section 67B. Punishment for publishing or transmitting of material depicting children in sexually explicit act, etc. in electronic form Whoever:-

publishes or transmits or causes to be published or transmitted material in any electronic form which depicts children engaged in sexually explicit act or conduct or

creates text or digital images, collects, seeks, browses, downloads, advertises, promotes, exchanges or distributes material in any electronic form depicting children in obscene or indecent or sexually explicit manner or

cultivates, entices or induces children to online relationship with one or more children for and on sexually explicit act or in a manner that may offend a reasonable adult on the computer resource or

facilitates abusing children online or

records in any electronic form own abuse or that of others pertaining to sexually explicit act with children,

shall be punished on first conviction with imprisonment of either description for a term which may extend to five years and with a fine which may extend to ten lakh rupees

and in the event of second or subsequent

conviction with imprisonment of either description for a term which may extend to seven years and also with fine which may extend to ten lakh rupees:

Provided that the provisions of section 67, section 67A and this section does not extend to any book, pamphlet, paper, writing, drawing, painting, representation or figure in electronic form

Section 69 – Powers to issue directions for interception or monitoring or decryption of any information through any computer resource.-

Where the central Government or a State Government or any of its officer specially authorized by the Central Government or the State Government, as the case may be, in this behalf may, if is satisfied that it is necessary or expedient to do in the interest of the sovereignty or integrity of India, defence of India, security of the State, friendly relations with foreign States or public order or for preventing incitement to the commission of any cognizable offence relating to above or for investigation of any offence, it may, subject to the provisions of sub-section (2), for reasons to be recorded in writing, by order, direct any agency of the appropriate Government to intercept, monitor or decrypt or cause to be intercepted or monitored or decrypted any information transmitted received or stored through any computer resource.

The Procedure and safeguards subject to which such interception or monitoring or decryption may be carried out, shall be such as may be prescribed.

The subscriber or intermediary or any person in charge of the computer resource shall, when called upon by any agency which has been directed under sub section (1), extend all facilities and technical assistance to –

provide access to or secure access to the computer resource generating, transmitting,

receiving or storing such information; or

intercept or monitor or decrypt the information, as the case may be; or

provide information stored in computer resource.

The subscriber or intermediary or any person who fails to assist the agency referred to in sub-section (3) shall be punished with an imprisonment for a term which may extend to seven years and shall also be liable to fine.

Section 69A – Power to issue directions for blocking for public access of any information through any computer resource

Where the Central Government or any of its officer specially authorized by it in this behalf is satisfied that it is necessary or expedient so to do in the interest of sovereignty and integrity of India, defense of India, security of the State, friendly relations with foreign states or public order or for preventing incitement to the commission of any cognizable offence relating to above, it may subject to the provisions of sub-sections (2) for reasons to be recorded in writing, by order direct any agency of the Government or intermediary to block access by the public or cause to be blocked for access by public any information generated, transmitted, received, stored or hosted in any computer resource.

The procedure and safeguards subject to which such blocking for access by the public may be carried out shall be such as may be prescribed.

The intermediary who fails to comply with the direction issued under sub-section (1) shall be punished with an imprisonment for a term which may extend to seven years and also be liable to fine.

Section 69B. Power to authorize to monitor and collect traffic data or information

through any computer resource for Cyber Security

The Central Government may, to enhance Cyber Security and for identification, analysis and prevention of any intrusion or spread of computer contaminant in the country, by notification in the official Gazette, authorize any agency of the Government to monitor and collect traffic data or information generated, transmitted, received or stored in any computer resource.

The Intermediary or any person in-charge of the Computer resource shall when called upon by the agency which has been authorized under sub-section (1), provide technical assistance and extend all facilities to such agency to enable online access or to secure and provide online access to the computer resource generating, transmitting, receiving or storing such traffic data or information.

The procedure and safeguards for monitoring and collecting traffic data or information, shall be such as may be prescribed.

Any intermediary who intentionally or knowingly contravenes the provisions of subsection (2) shall be punished with an imprisonment for a term which may extend to three years and shall also be liable to fine.

Section 71 – Penalty for misrepresentation

Whoever makes any misrepresentation to, or suppresses any material fact from, the Controller or the Certifying Authority for obtaining any license or Electronic Signature Certificate, as the case may be, shall be punished with imprisonment for a term which may extend to two years, or with fine which may extend to one lakh rupees, or with both.

Section 72 – Breach of confidentiality and privacy

Any person who, in pursuant of any of the powers conferred under this Act, rules or regulations made there under, has secured access to any electronic record, book, register,

correspondence, information, document or other material without the consent of the person concerned discloses such electronic record, book, register, correspondence, information, document or other material to any other person shall be punished with imprisonment for a term which may extend to two years, or with fine which may extend to one lakh rupees, or with both.

Section 72A – Punishment for Disclosure of information in breach of lawful contract

Any person including an intermediary who, while providing services under the terms of lawful contract, has secured access to any material containing personal information about another person, with the intent to cause or knowing that he is likely to cause wrongful loss or wrongful gain discloses, without the consent of the person concerned, or in breach of a lawful contract, such material to any other person shall be punished with imprisonment for a term which may extend to three years, or with a fine which may extend to five lakh rupees, or with both.

Section 73. Penalty for publishing electronic Signature Certificate false in certain particulars.

No person shall publish a Electronic Signature Certificate or otherwise make it available to any other person with the knowledge that the Certifying Authority listed in the certificate has not issued it; or the subscriber listed in the certificate has not accepted it; or the certificate has been revoked or suspended, unless such publication is for the purpose of verifying a digital signature created prior to such suspension or revocation

Any person who contravenes the provisions of sub-section (1) shall be punished with imprisonment for a term which may extend to two years, or with fine which may extend to one lakh rupees, or with both.

Section 74 – Publication for fraudulent purpose:

Whoever knowingly creates, publishes or otherwise makes available a

Electronic Signature Certificate for any fraudulent or unlawful purpose shall be punished with imprisonment for a term which may extend to two years, or with fine which may extend to one lakh rupees, or with both.

Section 75 – Act to apply for offence or contraventions committed outside India

Subject to the provisions of sub-section (2), the provisions of this Act shall apply also to any offence or contravention committed outside India by any person irrespective of his nationality.

For the purposes of sub-section (1), this Act shall apply to an offence or contravention committed outside India by any person if the act or conduct constituting the offence or contravention involves a computer, computer system or computer network located in India.

Section 77A – Compounding of Offences.

A Court of competent jurisdiction may compound offences other than offences for which the punishment for life or imprisonment for a term exceeding three years has been provided under this Act. Provided further that the Court shall not compound any offence where such offence affects the socio-economic conditions of the country or has been committed against a child below the age of 18 years or a woman.

The person accused of an offence under this act may file an application for compounding in the court in which offence is pending for trial and the provisions of section 265 B and 265C of Code of Criminal Procedures, 1973 shall apply.

Section 77B – Offences with three years imprisonment to be cognizable

Notwithstanding anything contained in Criminal Procedure Code 1973, the offence punishable with imprisonment of three years and above shall be cognizable and the offence punishable with imprisonment of three years shall be bailable.

Section 78 – Power to investigate offences

Notwithstanding anything contained in the Code of Criminal Procedure, 1973, a police officer not below the rank of Inspector shall investigate any offence under this Act.

SUGGESTIONS :

- Where do we draw the line on what is legal—and ethical?
- Awareness
- To use technology with proper security
- Co-operate with the authority
- Don't be impatience

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11

IMPACT OF EDUCATION LOAN ON MENTAL HEALTH OF STUDENTS: AN EMPIRICAL STUDY

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Abstract

This paper investigates the relationship between education loan and mental health among education loan beneficiaries by controlling various demographic variables. Data has been collected through primary sources on the basis of a questionnaire designed for the current study. The mental health was measured using the 5-item Mental Health Inventory scale. To analyse the collected data, multiple hierarchical regression analysis was employed. Results demonstrated that monthly family income of the education loan beneficiaries is directly proportional to their mental health, which means higher the monthly family income of the beneficiaries, better is their mental health. Education loan is not directly related to mental health, but perception about the education loan amount as “excessive” is negatively related to mental health. Education loan beneficiaries, who were identified as having financial anxiety, possessed significantly worse mental health.

Keywords: Education loan, mental health, students, multiple hierarchical regressions

Introduction

Education is considered very important for both economic and human development of every nation. It has significant positive effects on growth (Lucas, 1988; Romer, 1990; Barro, 1991). Investment in education leads to the formation of human capital, which has a statistically significant impact on economic growth in large developing countries (Vinod & Kaushik, 2007). Higher education is responsible for providing the specialized human capital and also for training the manpower inside the country. Education is necessary for the development but higher education is essential for sustainable development. But now a day's education is becoming very costly affair, which is not affordable for most of the population. To make it approachable, education loan scheme was introduced by the Indian Government in the year 2001. With the introduction of this scheme, the education loan is growing over the years among students in India. Over the decade, the education loan in India has increased by 33.5 per cent (average annual growth rate) during the period 2000–2001 to 2011–2012 (Rani, 2014). Education loan surely helps the needy students, who otherwise have not sufficient funds or resources for their

studies. These loans assist the students to acquire human capital, but it also creates stress and anxiety for them regarding their repayment and high rate of interest. It is very important to include such measures like mental health of education loan beneficiaries as they usefully add to our understanding of the impact of student debt on the stresses and strains students face at university. Although sparse, research has linked mental health with student loan. In UK (Stradling, 2001) found that students anticipating excessive debts upon graduation more likely to suffer severe depression and anxiety compared to those anticipating manageable debts. In another study by (Cooke et al. 2004) found that students categorized as experiencing high ‘debt worry’ felt greater tension and unhappiness compared to other students. The author also found that high financial concern was a significant predictor of poor mental and physical health. A review of existing literature reveals that there are many studies done on debt and mental health of students in developed countries, but in India, not a single study is available in the literature that discusses the issue of education loan and its impact on student mental health. In this regard, the main purpose of the current study is to investigate the relationship

between education loan and mental health of the education loan beneficiaries in Indian context. This paper aims to explain the existing literature related to the financial difficulties and mental health of the education loan takers. It further describes the research methodology followed by the data analysis, results and discussion.

Literature Review

Research on education loan in India has been gaining importance in recent years. As education loan is increasing day by day, so there is need to study the psychological functioning of the students who have taken education loan for their studies. A related body of literature found that student loans are associated with poorer mental health, while this student loan amount is cumulative or yearly in college. The effect of student loans on mental health seems modest, after controlling for other economic and demographic factors, including income, educational attainment, occupation and parental net worth (Walsemann et al. 2015). (Cooke, Barkham, Audin, Bradley & Davy, 2004) investigated that anticipated debt and mental health had no relationship, but attitudes towards debt were related to mental health. Students with high financial concerns

and high worry about debt had worsened mental health. Another study identified that negative financial situations (i.e., financial stresses) were significantly more likely to be linked with financial stress among college students (Heckman et al. 2014). (Archuleta et al. 2013) found financial satisfaction, student loan and gender as significant predictors of financial anxiety. Another study of British university students found (Roberts et al. 2000) a link between financial problems and adverse psychological and physical functioning among college students. (Roberts, Golding, Towell, & Weinreb, 1999) investigated that poorer mental health, were significantly related to working long hours outside of the university, difficulty in paying bills, and having considered dropping out of studies. Another study by (Morra et al. 2008) demonstrated a significant relationship between perceived financial stress and current debt levels and also suggests that anticipated debt may be a better predictor of perceived financial stress. (Lange and Byrd 1998) found that daily financial stress influence students' psychological well-being (i.e., anxiety and depression) by negatively affecting the senses of control and self esteem. (Andrews and Wilding 2004) found that financial difficulties can increase anxiety and depression levels among college students in the United Kingdom. Furthermore the greater debt has been associated with lower levels of perceived financial well-being and higher reported levels of overall stress (Norvilitis et al., 2006). (Graham et al. 2016) found the sources of maximum stress were the financial difficulties among their clinical nursing training in Jamaica. In addition, students who considered leaving their academic programs prior to finishing due to financial strain reported poorer psychological health. Research has indicated a moderate association between debt and mental health problems such as anxiety and depression (Drenea, 2000; Jenkins et al., 2008; Roberts et al., 1999). The mental health of students is affected by a multiplicity of factors, but education loan and financial anxiety may

be the major influencing variable which can impact on psychological functioning of the students.

An analysis of the literature reveals that above mentioned, investigations are carried out exclusively in foreign context, and this is the only work which has undertaken this issue in Indian context. This interpretation in research has motivated the need for the present study.

Objective of the study

To investigate the relationship between education loan and mental health of the education loan beneficiaries.

Following null hypotheses have been framed to achieve the objective of the study.

H01: There is no significant relationship between gender and mental health of the education loan beneficiaries.

H02: There is no significant relationship between age and mental health of the education loan beneficiaries.

H03: There is no significant relationship between monthly family income and mental health of the education loan beneficiaries.

H04: There is no significant relationship between the amount of education loan and mental health of the education loan beneficiaries.

H05: There is no significant relationship between perception about the education loan amount and mental health of the education loan beneficiaries.

H06: There is no significant relationship between financial anxiety and mental health of the education loan beneficiaries.

Research Methodology **Sample Design**

The present study aims to explore the relationship between education loan and mental health of the education loan beneficiaries. The target respondents are the students, who have taken education loan and studying at Guru Nanak Dev University, Amritsar. Snowball sampling method was used to collect the data. A total of 120 questionnaires were distributed, out of which 116 were found usable for analysis. The sample consisted of 63.8% male students. 72.4 % of the students were under the age of 21 years and the same percentage of them (72.4%) reported their monthly family income as below 40,000 (Table 1).

Data Collection Instrument

The measuring instrument for the present study has been drawn from several past studies. The current study explored the predictors of mental health of the education loan beneficiaries. Mental health served as the dependent variable and education loan (in amounts), perception about the education loan amount, financial anxiety and demographic variables (gender, age and income) served as independent variables. The following is the discussion of the measurements used in the study (Table 2).

Dependent Variable

Mental health (psychological functioning) was measured using the 5-item Mental Health Inventory (MHI), a scale similar to the one used by (Walsemann et al. 2015). This 5-item Mental Health Inventory (MHI) scale is an abbreviated version of the MHI-38 item scale (Veit and Ware) has also shown high validity and reliability in prior studies (Berwick et al., 1991; Rumpf et al., 2001). Respondents were asked how often in the past month they felt 1) nervous; 2) calm and peaceful; 3) downhearted and blue; 4) happy; and 5) down in the dumps. Response categories used a 5-point Likert scale ranging from 1 (never) to 5 (always). Negatively worded items were reverse coded, such that higher values represent better mental health. The mean score for this sample was 3.72

(SD = 0.70). The value of Cronbach's alpha, a measure of internal reliability was 0.69 and factor loadings are given in the Table 3.

Independent Variables

Demographic variables like gender, age and income were taken as control variables. Education loan was asked in amounts, and average loan was Rs 323210.09 with SD = 107343.381. Perception about loan amount was asked as 1 (manageable), 2 (moderate) and 3 (excessive) to understand how they perceive about the education loan amount. Financial anxiety was measured using 7-items scale developed by (Archuleta et al. 2013), in which participants were asked to rate their reaction on a 5-point Likert scale, ranging from 1 (never) to 5 (always). Higher scores represent more financial anxiety. The mean score for this sample was 2.29 (SD = 1.00). This scale demonstrated high reliability (0.94) in a previous study by (Archuleta et al. 2013). Example items on the Financial Anxiety Scale included: a) I feel anxious about my financial situation, b) I have difficulty sleeping because of my financial situation, and c) I am irritable because of my financial situation (Table 4). Factor loadings for the scale achieved 0.72 and above (Table 4), which support the construct validity of the scale. Internal reliability, using Cronbach's alpha, was found to be high $\alpha = .93$.

Data analysis

Before conducting multiple hierarchical regression analysis, a correlation matrix was performed to examine the collinearity among all the independent variables. The results of the correlation matrix (Table 5) showed that none of the variables were moderately or highly correlated with one another. Moreover, in order to obtain accurate results, collinearity diagnostic was also performed with SPSS 19, such as Variance Inflation Factor (VIF) and Tolerance Level (1/VIF) to test the multicollinearity. Variance Inflation Factor (VIF) value equivalent or below 10, and Tolerance level greater than 0.10 indicating no multicollinearity among the

variables. The multicollinearity diagnostics, statistics showed that tolerance value is not below 0.10 and VIF also did not exceed the recommended limit of 10; hence it can be said from the analysis that data is free from multicollinearity.

Further, multiple hierarchical regression analysis was completed to examine the predictors of mental health of the education loan beneficiaries. Predictors included education loan, perception about loan amount and financial anxiety of the students after controlling for demographic variables.

Results and Discussion

Results from the multiple hierarchical regression, using predictors of mental health of students are shown in Table 6. In step 1 of hierarchical regression, all the demographic variables were entered, which include gender, age and monthly family income, but this model was not found to be significant and accounted for only 2 % of the explained variance of mental health ($F = 1.85$; $p > .05$). However, hypothesis, H01 and H02 were accepted and H03, "there is no significant relationship between monthly family income and mental health of the students" was rejected. Therefore, monthly family income came out to be positive and significant at the 5 % level, which showed that higher the monthly family income of the students, better the mental health of the students. Thus, in predicting mental health, from the demographic variables, monthly family income was found to be significant predictor as one might expect, regardless of age and gender. Generally, it is reported that wealth is linked to health. There are number of literature reports which support this finding. The first support predicts levels of depression and anxiety among low income students (Sands & Richardson, 1984). Mental health, illness has a high correlation with a person's income (Gresenz, Sturm, & Tang, 2001; Jenkins et al., 2008). Throughout the lifetime, there is a high risk of mental health problems among lower income households

(Sareen, Afifi, McMillan, & Asmundson, 2011). Also, depression is associated with income levels (Andersen et al., 2009; Wang, Schmitz, & Dewa, 2010).

In step 2, all the independent variables, education loan, perception about loan amount and financial anxiety along with the demographic variables were entered. The model came out to be significant ($F = 12.03$; $p < .001$) and accounted for 43.6 % of the overall variance in the mental health. In this hypothesis H04 was accepted and H05 and H06 were rejected. Therefore, the predictor variables, perception about the education loan amount and financial anxiety showed significant impact on the mental health of the students. Perception about the education loan amount and financial anxiety were negatively related to mental health of the students. Therefore, the actual amount of loan is not directly related to mental health, but the perception about the education loan amount perceived by the beneficiaries as "excessive" was found to be significant predictor of mental health of the students. This finding is also supported by the previous finding by (Stradling 2001). The author has shown that "students who perceived their anticipated graduate debt as 'excessive' were more likely to be anxious or depressed than students who viewed their anticipated debt as 'manageable'". Therefore, it means that the perception about the education loan amount is more important than the actual amount of loan.

With regard to financial anxiety, it is negatively related to the mental health of the students. The significant association between financial anxiety and mental health of the students' makes sense; the higher one's financial anxiety, the lower one's mental health. Our finding is consistent with previous research, which delineates the strong and persistent relation between financial strain and mental health (Ferraro and Su, 1999; Kahn and Pearlin, 2006; Selenko and Batinic, 2011). For instance, in

a study by Kahn and Pearlin (2006) financial strain was connected with higher levels of depressive symptoms. Financial difficulties appeared to be associated with mental health (Butterworth, Rodgers, & Windsor, 2009; Husain, Creed, & Tomenson, 2000; Laaksonen et al., 2007, 2009).

Limitations and scope for further research

One of the major limitations that could have influenced the outcomes of this study is generalisability of the sample. The sample was taken from only one university, Guru Nanak Dev University. However, a more extended geographical sample may produce

different results. Due to time constraints, the sample size is just 116; further study can be conducted by taking a larger sample. Moreover, a comparative study of university and college students can be conducted to find out the difference in their financial anxiety and mental health. A comparative study of students belonging to professional and non professional disciplines can be conducted to find out the difference in their mental health.

Implications

Education loan plays an important role in the life of students to achieve their goals. The results of the present study can help the

practitioners to understand the mental health of the education loan beneficiaries. From the current study, it is clear that education loans are helpful for students, but its ill effects on student's mental health can reduce the performance of the students. So both educational institutions and banks should help them to the best so that they don't feel burdened and can concentrate on their studies. Furthermore, counselling centres in the institution could be set up for the proper guidance to the students and where already counselling centres are present they should be properly managed.

Appendix

Table 1. Sample characteristics

Sample characteristics	Percentage (%)
Gender	63.8
Male	36.2
Female	
Age	
Less than 21	72.4
21 – 25	25.0
Above 25	2.6
Monthly family income	
Less than 40000	72.4
Above 40000	27.6

Source: Authors' own calculations, based on the responses of the students.

Table 2. Variables of the study

Variables	Mean	Std. Deviation
Dependent Variable		
Mental Health	3.72931	.700437
Independent Variable		
Education loan (in amounts)	323210.09	107343.381
Financial anxiety	2.29680	1.005072
Independent Variable (categorical)		
Gender		
Male		
Female		.483
Age		.514
Less than 21		
21 – 25		

Above 25		
Monthly family income		.44889
Less than 40000		
Above 40000		
Perception about education loan amount		.772
Manageable		
Moderate		
Excessive		

Source: Authors' own calculations, based on the responses of the students.

Table 3. Mental Health Scale (Factor loadings)	
Mental Health Scale (($\alpha = .69$))	Factor scores
I have been a very nervous person (R)	.672
I feel calm and peaceful	.679
I feel downhearted and blue (R)	.736
I have been a happy person	.697
I feel so down in the dumps that nothing could cheer me up (R)	.569
R means Reverse coded	

Source: Authors' own calculations, based on the responses of the students.

Table 4. Financial Anxiety Scale (Factor loadings)	
Financial Anxiety Scale (($\alpha = .93$))	Factor scores
I feel anxious about my financial situation.	.906
I have difficulty sleeping because of my financial situation.	.886
I have difficulty concentrating on my school/or work because of my financial situation.	.872
I am irritable because of my financial situation.	.866
I have difficulty controlling worrying about my financial situation.	.827
My muscles feel tense because of worries about my financial situation.	.819
I feel fatigued because I worry about my financial situation	.724

Source: Authors' own calculations, based on the responses of students.

Table 5. Correlations among all variables								
Variables	1	2	3	4	5	6	7	8
Mental Health Scale	—							
Gender	.040	—						
Age	-.095	.257**	—					
Monthly family Income	.201*	.017	-.100	—				
Perception about Loan amount	-.293**	-.020	.222	-.309	-.206	—		
Education Loan	.080	-.060	-.289	.274	.090	-.110	—	
Financial Anxiety Scale	-.592**	-.001	.169	-.379	-.226	.316	-.200	—
*p < .05. ** p < .01.								

Source: Authors' own calculations, based on the responses of the students.

Table 6. Multiple Hierarchical Regression Analysis Using Predictors of Mental Health

Predictors	ΔR^2	B	Std. Error	Beta	Sig
Step 1	0.029				
Constant		3.639	.094		.000
Gender (Male)					
Female		.103	.146	-.072	
Age (Below, 21)					
21 – 25		-.132	.163	-.082	
Above25		-.439	.405	-.101	
Income (Below, 40000)					
Above 40000		.308	.143	.200*	.034
Step 2	0.43*				
Constant		4.844	.237		.000
Gender (Male)					
Female		.068	.114	.047	
Age (Below, 21)					
21 – 25		-.001	.129	-.001	
Above25		-.048	.329	-.011	
Income (Below, 40000)					
Above 40000		-.073	.131	-.048	
Education Loan		-.000	.000	-.014	
Level of loan amount (Manageable)					
Moderate		-.034	.122	-.024	
Excessive		-.298	.142	-.181*	.038
Financial Anxiety		-.448	.057	-.631**	.000

Source: Authors' own calculations, based on the responses of the students.

Reference categories in parentheses

*p < .05 ** p < .01

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DIGITIZATION : RECENT INITIATIVES IN INDIA FOR BOOSTING INTERNATIONAL TRADE

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Abstract

Operational inefficiencies in terms of complicated and time consuming process for obtaining licenses, claiming incentives, preparing and submitting documents have been the major bottlenecks for India to realize its utmost trade potential. These operational inefficiencies majorly persist because of not adopting or upgrading the technology by different departments of the government timely and effectively. This left Indian business community to lag behind in using the contemporary technology based business practices and doing their trade smoothly and widely. While, in the present times the government is making rigorous efforts in the direction of digitizing its various processes and systems. To mention a few, filling of application for issuance of IEC, advance license etc. is initiated, use of electronic bank realization certificate system (eBRC) is extended, design of the concerned websites is made user friendly and so on. This digitization process is aimed at improving ease of doing business for Indian business community and enhancing its competitiveness in the international markets. At this backdrop the objective of the paper is i. to highlight the policy initiatives which have undertaken by the Government to improvise ease of doing business through IT initiatives and ii. to analyze its role and adequacy in the light of the present needs of the economy. To conduct this study, secondary data was gathered from various authentic sources and further analysed in the light of the stated objectives.

Keywords: Digitisation, IEC, eBRC

Introduction

Information and Communication technology (ICT) is considered to be a miracle of modern times which has revolutionized all the sphere of our lives. Today, it takes a minute to send a message/information to any corner of the world through various electronic medium viz. e-mail, Electronic Data Interchange (EDI), customized software etc. Besides, sharing of information ICT revolution has eventually changed the ways of doing business across the globe. Conventional brick and mortar business houses are replaced with virtual markets, manual operational methods are replaced with automated systems and scope of businesses is extended from local to global. The diffusion of personal computers, fax machines, Windows, dial up modems connected to global telephone network, all came together in the late 1980s and early 1990s to create the basic platform that started information revolution. Incidentally, the entire world economy that time was on the path of globalization and economic integration, thus received a major

impetus for enhancing global trade and businesses through various IT channels. It may be stated that reducing trade barriers through the multilateral agreements and organization has made globalization of markets a theoretical possibility, while information and Communication Technology (ICT) has made it a practical reality.

This was the beginning of new business era which pushed all the economies to change their methods and processes of doing businesses within/across the borders in the wake of globalization. India was no exception to it. India undertook several initiatives pertaining to adopting ICT tools and practices in almost all the segments of the country. Electronic Governance (e-Governance) in this direction is a major initiative of Indian Government which primarily aims at supporting and simplifying governance for all parties, government, citizens and businesses by using electronic means. E-districts, e-procurement, e-courts, e-Biz are few of the projects of e-governance in India which connect all the three parties and

support processes and activities. Recently the Government, taking a step further launched the Digital India Programme with a vision to transform India into a digitally empowered society and knowledge economy so as to promote inclusive growth in the country.

Despite undertaking various IT initiatives by the Government, Indian businesses especially the international traders are still grappled with the challenges of procedural and administrative complications and high transaction cost. This has resulted in India's relatively low trade competitiveness in the international market. This is manifest in India's global competitiveness Index which is very low at 55th rank of the 140 countries and India's share in global exports is also observed to be insignificant at meager 1.6%.

The Central Government under the Foreign Trade Policy (2015-20) envisions to make India a significant participant in world trade by the year 2020 and to enable the country to assume a position of leadership in the

international trade discourse. Furthermore, the Government has set an objective of increasing India's exports of merchandise and services from US\$466 billion in 2013-14 to approximately US\$900 billion by 2019-20 and to raise India's share in world exports from 2% to 3.5%.

In the light of the above stated major goals, it is crucial for the Government to undertake stringent measures so as to enhance exports in coming times. Recognizing the importance of smooth and seamless business operations in today's dynamic global business environment the Government has undertaken several measures for improvising the ease of doing business through introducing IT initiatives. These initiatives are incorporated in various concerned systems in the economy viz. customs, banks, taxation and license authorities among others. These measures are aimed at addressing the procedural and administrative hurdles and enhancing India's trade competitiveness in the international market. In this paper, we are making an attempt i. to highlight the policy initiatives which have undertaken by the Government to improvise ease of doing business through IT initiatives and ii. to analyze its role and adequacy in the light of the present needs of the economy.

Research Methodology

In order to conduct this study, secondary data and information has been collected from various national and international reports viz. EXIM databank, Directorate General of Foreign trade, World Trade Organization, Global Competitiveness Index report, Ease of Doing Business and so on and so forth. Further, data is compiled and analyzed in order to draw inferences pertaining to the stated objectives of the study in hand. The study is divided into 4 sections. Section 1 discusses India's exports and its position in relation to global exports. Section 2 includes the analysis of India's global competitiveness especially related to technology so as to indicate adoption of IT practices in Indian

business and government system. Section 3 highlights the various IT initiatives undertaken by the Government especially during the recent past few years. Sections 4 describes the present gap in India's position on ease of doing business w.r.t trading across borders and suggestions and conclusions.

Section - 1

2. India's exports performance : Domestic vis-à-vis global level

The post economic reforms of 1991 witnessed an upward and steady growth in India's exports resulting from undertaking several structural foreign trade reforms in terms of reduction in peak tariff rates, unified exchange rate system, current account convertibility and so on. As a result, during the first decade of reforms India's exports increased from US\$18 billion in FY1991 to US\$38 billion in FY2000 and during the second decade of reforms, country's exports increased significantly from US\$44 billion in FY2001 to US\$163 billion in FY2008 (before the onset of US financial crisis), Refer Figure-1. Nonetheless, the US financial crisis coupled with collapsing of Lehman Brothers adversely impacted India's exports. Annual export growth which was registered at record high level of 29% in FY2008 declined to around 14% in FY2009 and turned negative at (-) 3.5% in FY2010. Ensuing the government's immediate remedial policy measures and strategies, declining trend of India's exports was arrested but its performance remained almost sluggish in subsequent years. This is apparent from the period from December 2014 to March 2016 when export growth was recorded a continuous deceleration and finally reported a decline of (-) 16% from US\$310 billion in FY2014-2015 to US\$262 billion in FY2015-16.

India's overall export performance, despite showing an upward growth during the post liberalization period is still dismal at the global level. This is apparent from table-1 that India's share in global exports is only 1.6% and accordingly the country is ranked at 19th, while China with 13.8%, is the leading exporter in the world economy (Refer –Table -1).

Section 2

3.0 India's Global Competitiveness

India's global position in terms of exports poses a question, why after twenty five year of economic reforms India's position in world's exports is not significant? Various causes are identified by the experts which have been deep rooted in Indian economic system since long and accountable for low performance of India in the global market. To mention a few, lack of adequate and cheap funds, poor infrastructure, multiple taxation system, lack of promotional facilities are domestic bottlenecks which hinders India's exports to grow exponentially. Complicated and time consuming procedures at various government authorities viz. customs, banks, seaports, airports, dry ports and lack of technology advancement is also reported as one of the major challenges for India exporters. All these challenges combined together lead to high transaction cost and low trade competitiveness of India's exports in global market which is really an area to be highly focused upon.

According to the Global Competitiveness report 2015 of World Economic Forum (WEF), with a score of 4.31 is ranked at 55th on the global competitiveness index. This is after five years of decline, India jumps 16

ranks to this position (Refer - Table-2). The report suggests that the quality of India's institutions is increased at 60th, up 10, India's performance in the macroeconomic stability pillar is improved at 91st, up 10, and infrastructure is improved at 81st, up six but remains a major bottleneck. While, technological readiness has reported the lowest score of 2.7 with a 120th rank amongst all the stated pillars by the WEF. This indicates that India is one of the least digitally connected countries in the world fewer than one in five Indians access the Internet on a regular basis, and fewer than two in five are estimated to own even a basic cell phone.

Furthermore, while, comparing India's technology readiness in relation to BRICS countries the table-3 shows that on almost all indicators of technology readiness viz. availability of latest technologies, firm level technology absorption, Foreign Direct Investment (FDI) and technology transfer, individuals using internet, internet and mobile subscriptions and bandwidth India's rank is the lowest which is very disappointing at the time when India is highly ambitious to put India on the global map. Since, technology is a major driver of a country's competitiveness and growth, this generates an urgent need of putting rigorous efforts towards making India digital in all the sectors of the economy including the external sector.

Section 3

4.0 Government reforms measures w.r.t IT initiatives

Indian Government has set an ambitious target of raising merchandise and services exports from US\$466 billion in 2013-14 to approximately US\$900 billion by 2019-20 and to raise India's share in world exports from 2% to

3.5%. As discussed in previous section India's international players are facing several global, domestic and product specific challenges including global slowdown, high cost of finance, poor infrastructure, lack of promotional support, low quality products and so on. Complicated and time consuming procedures pertaining to issuing of licenses, availing incentives, and customs are amongst the major bottlenecks which adversely affects our trade competitiveness and performance in the global market.

The Government has undertaken various measures relating to policy simplification, reducing cost of capital, document reduction and IT initiatives among others. All these measures are aimed at improving overall ease of doing business in India and enhancing its trade competitiveness in global market. Various initiatives especially the IT initiatives are described briefly here below:

4.1 IT initiatives undertaken till 2013 - Central Board of Excise and Customs (CBEC) has been an early starter in introducing reforms and substantial reforms have already been carried out in the Central Excise laws and procedures since 1994. The objective of these reforms was to repose a greater trust in the tax-payers and bring about a substantial improvement in the delivery system and compliance through automation and trade facilitation measures. CBEC has also undertaken a number of e-governance initiatives with the objective of improving tax-payer services, transparency, accountability and efficiency in the indirect tax administration in India. These applications have automated all major processes in Customs, Central Excise and Service Tax through web-based and workflow-based systems, reducing the physical

interface between the tax payers and the departmental officers, thereby reducing discretion and opportunity for corrupt practices. Details of the important trade facilitation measures undertaken by CBEC are as below:

- CBEC had modified the Indian Customs EDI System (ICES) in 2009, which has been launched in 109 Customs locations in the country. The Indian Customs EDI Gateway (ICEGATE), the gateway portal hosts a number of services for the EDI partners and provides facilities for e-filing of documents from anywhere at any time (24/7).
- The Board started providing various online services to the tax payers including E-filing of Bills of Entry, Shipping Bills, Import General Fest (IGM)/ Export General Fest (EGM) with electronic acknowledgements, connectivity with 17 types of Stakeholders such Custodian, Port Authorities, Shipping Lines, Airlines, Custom Brokers, Directorate General of Foreign Trade (DGFT), Banks and other Government Agencies, through electronic messages; this eliminates the need for paper movement across agencies and across locations, facility of electronic payment of duties, transferring drawback directly to exporter's bank accounts, Electronic Refund of Service Tax paid on exports, electronic transmission of Shipping Bills to DGFT and online receipt of licences has reduced physical interface with the departments and has also reduced time and cost of transaction.
- Indian Customs has developed a user friendly interactive website to enable importers / exporters to know tariff classification, applicable rate of Customs duty and other regulatory requirements for clearance of goods.

- E-payment of Customs duty has been made mandatory for importers registered under Accredited Clients Programme (ACP) and importers paying customs duty of one lakh rupees or more per Bill of Entry. Besides expediting the process of payment of duty and clearance of imported goods, the facility of e-payment has resulted in reduction of transaction costs.
- CBEC has implemented the Automation of Central Excise and Service Tax (ACES) project, a Mission Mode Project (MMP) of the Govt. of India under the National e-Governance Plan. Various tax payer services are provided under ACES which includes Electronic filing of claims, permissions, intimations and processing thereof, instant e-acknowledgement of documents with Document Identification Number (DIN), viewing, filing and tracking the status of documents online, facility of e-Payment and checking status and online filing and processing of Refund Claims among others.
- The board launched SWIFT clearances (Single Window Interface for Facilitating Trade) enabling importers/exporters to file a common electronic 'Integrated Declaration' on the ICEGATE portal. The Integrated Declaration takes care of the requirements of Customs, (Food Safety and Standards Authority of India) FSSAI, Plant Quarantine, Animal Quarantine, Drug Controller, Wild Life Control Bureau and Textile Committee and it replaces nine separate forms required by the said 6 different agencies including Customs.

4.2 Recent IT initiatives- The present Government envisages to put India

on a global map and therefore is highly focused upon enhancing trade through improving ease of doing business for Indian businesses. This is witnessed through the following series of measures which have been continuously undertaken by the present Government in the past few years.

- The Foreign trade policy 2015-2020 with emphasis on improving the 'Ease of Doing Business' for export import business consolidated 5 different schemes for rewarding merchandise exports under the earlier policy into a single, namely Merchandise Exports from India Scheme (MEIS). As MEIS incentives were country specific, exporters were required to submit landing certificate as a proof of landing of consignment in the destination country. Of late, the government as a part of ease of doing business and reduction of transaction cost of the exporters, decided to do away with the Landing Certificates required under Merchandise Export from India Scheme (MEIS) with effect from 4th May, 2016.
- Filing of declarations by importers, exporters, Customs brokers and manifests by shipping and airlines through digital signatures with effect from 01-01-2016 is also initiated. Wherever the customs documents are digitally signed, the Customs does not require the user to physically sign the said documents. Around 97% of import and export declarations and manifests are being filed electronically with digital signatures. The balance 3% is being filed through Service Centre.
- India took a leap forward in improving 'Ease of Doing Business' by reducing the mandatory documents required for import and

export of goods to three documents each. Bill of lading/Airway bill, Commercial invoice cum packing list and shipping bill/bill of export are three mandatory documents for exporters and bill of lading/airway bill, commercial invoice cum packing list and bill of entry are three documents for importers to be filed to the concerned departments. Earlier, there were 10 documents for exports and 7 documents for imports that were required to be filed by the exporters and importers which used to be a tedious and time consuming process. Thus, it is a major step in the direction of simplification of procedures and improvising ease of doing business in the country.

- Introduction of an electronic messaging system between Shipping lines and Custodians for Electronic Delivery Order (EDO) instead of a paper based Delivery Order, has been introduced.
- 24x7 customs clearance facilities extended to 19 sea ports and 17 Air Cargo complexes
- Online registration of new Central Excise and service tax assessee in 2 days, records can be maintained electronically and digitally signed invoices accepted, E-payment of refunds and rebates through Real Time Gross Settlement (RTEGS)/ National Electronic Funds Transfer (NEFT) introduced.
- A major simplification was carried out for the first time exporters who are required to obtain Import Export Code. DGFT did away with the issuance of physical copy of (Importer Exporter Code) IEC and introduced online issuance of IEC w.e.f Apr 1, 2016. The application, processing and issuance was completely made online where no physical application was required to be submitted.

- IEC has been integrated with eBIZ portal of Department of Industrial Policy and Promotion (DIPP) so firms have a choice to use either DGFT or eBiz portal for making an application.
- DGFT exchanges data with Customs, Banks and Export Promotion Councils (EPCs) through EDI message exchange system, reducing physical interface of clients and fraud possibilities.
- Exporter can now file online applications for IEC, Advance License, MEIS, SEIS etc., pay application fee online and check status of their applications.
- Use of electronic bank realization certificate (eBRC) system has been extended. The eBRC system captures details of the foreign exchange received by exporters through the banking channel. This data is shared with 13 state governments who may use it for processing of Value Added Tax (VAT) refunds. DGFT is in discussing with the Goods and Services Tax (GST) team for integrating this information with the GST network.
- DGFT has launched a new look website making it more user-friendly and easy to navigate. It has a large dynamic component whereby the trade community can file applications online for IEC and various other schemes of DGFT. The exporters can also see the status of their electronic Bank realization certificates in almost real-time.
- With a view to ease the process of payment to the shipping lines by the importers/exporters, an association of foreign container shipping lines, operating in India, has confirmed that all their 31 member-lines have implemented e-Payment mode by way of Real Time Gross Settlement (RTEGS)/National Electronic Funds Transfer (NEFT) for collection of all type of ocean freight charges. This will bring in transparency in ocean freight charged by different service providers.
- Government E-Marketplace (GeM) was launched in August, 2016 and became fully functional by October, 2016. Presently more than 4000 products in 86 categories and hiring of transport service are available on GeM portal. More than 1600 product sellers and service providers and about 1500 Government officials are currently registered on GeM. Transactions for more than Rs. 45 Crore have already been processed on GeM. Purchases done through GeM so far, have indicated a reduction in prices to the tune of 10-20%, and in some cases even upto 56%. GeM is a tool to promote Maximum Governance Minimum Government, Make in India, Ease of Doing Business and Digital India. By providing timely payment to vendors GeM not only ensures competitive rates but also encourages small business units/individuals to do business with government organizations.
- DGFT on Oct 27, 2016 signed an Memorandum of Understanding (MoU) with the Goods and Services Network (GSTN) for sharing of foreign exchange realization and Import Export code data. This will strengthen processing of export transactions of taxpayers under GST, increase transparency and reduce human interface.
- The WTO's Trade Facilitation Agreement represents an important milestone by creating an international framework for reducing trade costs. The Trade Facilitation Agreement (TFA) contains provisions for expediting

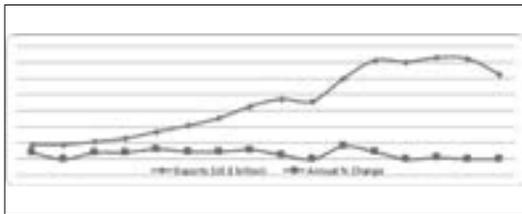
the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective co-operation between customs and other appropriate authorities on trade facilitation and customs compliance issues. These objectives are in consonance with India's "Ease of Doing Business" initiative.

Conclusions and Suggestions

Consistent efforts which are made by the Government towards ease of doing business in India are well recognized by the World Bank. This is reflected in the World Bank's ease of doing business report 2017 which raised India's rank from 131 in 2016 to 130 in the year 2017. Furthermore, the report suggests that during the last year India has been able to successfully improve its position in four of its ten indicators including Trading Across Borders. This indicator assesses the time and cost involved for obtaining, preparing, processing, presenting and submitting documents during port or border handling, customs clearance and inspection procedures. The report highlights that this is due to making exporting and importing easier by launching Customs Electronic Commerce Interchange Gateway portal and simplifying border and documentary compliance procedures, India has been able to improve its position in trading across borders. This is a clear indication of a positive result of various IT initiatives which have been recently undertaken by India. However, we consider that though there is an improvement in ease of doing business pertaining to trading across borders yet there is a long way to go. These reforms are required to be taken to the next level including i. IT initiatives which the Government has started should be implemented at PAN India level; ii. Awareness and training programs pertaining to these reforms should be conducted widely and frequently so as to increase its reach at the grass root level iii. Infrastructure should be built/strengthened so as to support IT

initiatives across various departments of the Government iv. Advanced software and IT tools should be adopted as early as possible v. last but not the least there should be well synchronization between all the concerned departments relating to foreign trade including customs, ports, banks and so on. Effective flow of information is critical for the success of any business, therefore we believe that in the age of globalization concrete reforms pertaining to IT in Indian system can help the Government to achieve its ambitious targets of doubling its exports to US\$900 billion in the coming times.

Figure-1 India's Exports Growth Trends (FY2001-FY2016)



Source : Ministry of Commerce and Industry, GO

Table – 1 India vis-à-vis global trade scenario

Rank.	Countries	Value (US\$bn)	Share in world merchandise exports (%)
1	China	2275	13.8
2	United States	1505	9.1
3	Germany	1329	8.1
4	Japan	625	3.8
5	Netherlands	567	3.4
6	Korea	527	3.2
7	Republic of Hong Kong, China	511	3.1
8	France	506	3.1
9	United Kingdom	460	2.8
10	Italy	459	2.8
11	Canada	408	2.5
12	Belgium	398	2.4
13	Mexico	381	2.3
14	Singapore	351	2.1
15	Russian Federation	340	2.1
16	Switzerland	290	1.8
17	Chinese Taipei	285	1.7
18	Spain	282	1.7
19	India	267	1.6
20	United Arab Emirates	265	1.6
21	Thailand	214	1.3
22	Kingdom of Saudi Arabia	202	1.2
23	Malaysia	200	1.2
24	Poland	198	1.2
25	Brazil	191	1.2

Source : World Trade Statistical Review 2016, WTO

Table -2 India's Global Competitiveness Index

Parameters	Rank (out of 140)	Score
Basic requirements (60.0%)	80	4.4
1st pillar: Institutions	60	4.1
2nd pillar: Infrastructure	81	3.7
3rd pillar: Macroeconomic environment	91	4.4
4th pillar: Health and primary education	84	5.5
Efficiency enhancers (35.0%)	58	4.2
5th pillar: Higher education and training	90	3.9
6th pillar: Goods market efficiency	91	4.2
7th pillar: Labor market efficiency	103	3.9
8th pillar: Financial market development	53	4.1
9th pillar: Technological readiness	120	2.7
10th pillar: Market size	3	6.4
Innovation and sophistication factors (5.0%)	46	3.9
11th pillar: Business sophistication	52	4.2
12th pillar: Innovation	42	3.6

Source : The Global Competitiveness Report 2015-2016 , World Economic Forum

Table :3 Technology Readiness – India vis-à-vis BRICS

S.No.	Countries	Brazil	Russia	India	China	South Africa
1	Availability of latest technologies	85	100	108	95	41
2	Firm-level technology absorption	57	98	102	66	28
3	FDI and technology transfer	58	115	95	69	64
4	Individuals using Internet	58	40	107	70	71
5	Fixed-broadband Internet subscriptions /100 pop	64	48	104	57	93
6	Int'l Internet bandwidth, kb/s per user	61	72	116	119	19
7	Mobile-broadband subscriptions/100 pop.	24	37	124	71	63

Source : *The Global Competitiveness Report 2015-2016* , World Economic Forum

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DIGITAL MARKETING AND SOCIAL NETWORKING AS LATEST MARKETING CONNECTORS

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Abstract

Social networking and Digital marketing: In a world where “one angry tweet can torpedo a brand,” corporations need to embrace all possibilities. Social media have transformed the business and communication landscape and organizations appear to, reluctantly or willingly, recognize this change. Evolving patterns of communication, collaboration, consumption, and innovation have created new domains of interactivity for companies and stakeholders. Social networking allow individuals and businesses to interact with each other and build relationships and communities online. Digital marketing is an endorsement of products, services, and brands on digital Medias like search engines, social media sites, emails and other electronic media. Digital marketing comprises of SEO (search engine optimization), social media optimization, SEM (search engine marketing), email marketing, mobile marketing, content marketing, blog activities etc. Companies can have more direct and personal interaction with consumers through social networking. An important aspect that was missing in traditional ways of outbound advertising and marketing. Also social networking sites act as word of mouth for businesses and brands. They allow users to share information, reviews or comments posted by others about a company or a product being promoted. As the post gets shared multiple times and reaches numerous networks, the product gets great exposure and company enjoys the benefit of traffic that gets redirected to them. Social media marketing is the process of gaining website traffic or attention through social networking sites. Social media marketing strategy involves use of top social networking sites like Facebook, Twitter, Google Plus, LinkedIn and others to post content that attracts attention and encourages readers to share it across their social networks. Thus building brand recognition and popularity. Social media marketing takes advantage of social networking to help a business gain brand recognition and expand its customer base. The primary aim is to create content that is attractive and informative enough for users to share it further in their social networks. Social media is hot. Social Media is now the trend. And for businesses it represents a marketing opportunity that transcends the traditional middleman and connects companies directly with customers. This is why nearly every business on the planet—from giants like Starbucks and IBM to the local ice cream shop—are exploring social media marketing initiatives. A year ago, businesses were uncertain about social media. Now it’s here to stay and companies are rapidly adopting social media marketing. Much like email and websites first empowered businesses, social media is the next marketing wave.

Keywords: Social networking , Digital marketing, Google, twitter

Social Media Marketing in India - An Overview

Social Media is really picking up new heights in India. India tops the usage of social networking by business – it has the highest activity index, 127, far more than the US’97, and 52% of the Indian respondent companies said that they had acquired new customers using social networks while 35% American companies managed that. Many companies are coming big way for Social Media Optimization for their Product or Services nowadays. During Election 2009 Social Media was used for Influence Indian Voters. Social Media Marketing in India

is being undertaken by brands like Tata Docomo, MTV India, Channel V, Clear Trip, Tata Photon, Axe deodorants, Microsoft, Naukri, Shaadi and many more. Besides, numerous Indian celebrities are also using SMM platform to promote their movies, music and events via Twitter, Facebook and personalized blogs. Social Media Marketing is also boosting public relations business. Several PR agencies in India are undertaking brand building exercises for corporate organizations, brands and celebrities. However, to the delight of many among us, the biggest gainers from SMM till date have been the organizations from the Not-for-Profit sector. Several Campaigns like

‘Bell Bajao’ and ‘Jaago Re’ have been quite successful on Social Networking Sites. These campaigns have been spreading the word about their cause through blogs, Twitter and Facebook.

How Social Media Marketing Benefits Business

Around 40 per cent of the total population all across the globe, has access to internet, which was not even in two digits just a few years back. Besides this, the size of mobile market exceeds 4 billion, and its penetration rate is over 50 per cent. The best and simplest way to reach your target market in this cyber age is

to capitalise on the ever-growing technology – internet – which is mostly accessed by people through their smartphones. Gone are the days when information about your product reached to customers through you only. Now, in the presence of digital media, social interactions are increasing and people are more likely to believe a fellow customer than you. They want brands that can be trusted, services or offers customised as per their needs and preferences, and our internet marketing agency in India can play a significant role in building such image and designing the required product, respectively. This is the reason behind increasing number of digital marketing company in India. Social media marketing strategy works when users share content with their social networks. What makes these corporate messages successful is the fact that as such messages are shared further they seem to have come from a trusted, third-party source rather than the brand or company itself. So this form of marketing thrives on word-of-mouth, which means it results in earned publicity rather than paid publicity!

Growth of social media marketing:

Social media has emerged as the unfettered voice of citizens. There were more than 354 million Internet users in India in June 2015; 40 out of these, 143 million are on social media platforms⁴¹ such as Facebook (125 million users),⁴² YouTube (60 million users),⁴³ LinkedIn (30 million),⁴⁴ and Twitter (22.2 million users).⁴⁵ Many of these users are young urban dwellers. These numbers would have only grown since April 2016 when these figures were compiled. In recent times, events such as the happenings in Tahrir Square or the anti-corruption movement of Anna Hazare closer home show that those with an eye out for the future have embraced change. Public activism pursued through social media is no longer spasmodic, even for an epochal event. Facebook, Twitter, and YouTube are

the main protagonists that have transformed the way our entire society functions and revolutionized the ways in which we interact with our colleagues, friends, and family. Today, social media is an inextricable force for- change in nearly everything, political and commercial. According to study results it is seen that social media usage by small business owners increased from 12% to 24% in just the last year, and almost 1 out of 5, actively uses social media as part of his or her marketing strategy. In 2009, only 23% of marketers were using social media for years. Now that number has grown to 31%. Here's a breakdown of what the small businesses reported as the main uses of social media marketing: 75% have a company page on a social networking site. 69% post status updates or articles of interest on social media sites. 57% build a network through a site such as LinkedIn. 54% monitor feedback about the business. 39% maintain a blog. 26% tweet about areas of expertise. 16% use Twitter as a service channel.

Now here are some of the ways how social media marketing improves business –

- Social media marketing builds and enhances brand recognition. It makes us accessible to new customers while making you more familiar and recognizable for existing customers.
- Sharing regular posts on social media is an opportunity for lead generation. Social networking gives us access to potential customers, first time buyers, recent customers and old customers, and we are able to interact with all of them.
- Social media marketing results in higher conversion rates simply because it has a humane touch to it. Your social media profile and constant interactions make us act like people do rather than a company. And this is significant as people like doing business with other people, not with companies.

- Social media marketing improves brand loyalty. According to a report published by Texas Tech University, "Companies should take advantage of the tools social media gives them when it comes to connecting with their audience. A strategic and open social media plan could prove influential in morphing consumers into being brand loyal."
- The more quality content you share through social media, the more inbound traffic you get. Needless to say, more traffic means more leads and more conversions. Also social media marketing results in better search engine rankings. Social media marketing is highly cost-effective as marketing costs are reduced. Growth of social media marketing:



Why digital marketing acts as a effective marketing connector?

Cost: Digital marketing is very cost efficient compared to traditional marketing channels like TV and print media. In fact, the cost of digital marketing campaigns will be a fraction of traditional marketing channels like print and tv.

Tracking: In digital marketing tracking the results is easy compared to traditional marketing channels. There are many analytics solutions which offer us a detailed report of the campaigns and these are real time reports tracked hourly and daily basis which assists you to revise your campaigns and strategies if outcome is not up to your expectation.

Target Audience: Targeting audience for

our brands, products and services is very beneficial in digital media channels, like ads are a show based on age, profession, likes and dislikes region, sex and many other categories. Also ads are shown to people who have requirements like say a bookstore ad is shown to a person who is planning to buy books and searching for them on search engines. Digital marketing campaigns are inbound which increases the chances of conversions.

Interactive: Most of the traditional marketing channels are static and one-time production, where as digital marketing is an interactive channel where customers can engage with the brands, data can be shared effectively and using advance digital marketing techniques we can even influence them to get converted into potential clients.

Digital Revolution: One of the most important factors is rise of digital media platforms like search engines, social media sites, online portals, blogs etc in past few years, and the rate at which digital media is over taking a traditional medium. We are aware that many print magazines and news papers media user base has decreased and in fact few of them are even out of business today.

The recent tweet that made quite a stir in digital media industry, “28% of marketers have reduced their advertising budget to fund more digital marketing“.

This signals an important shift away from the old-school way of marketing towards more non-traditional online channels. Strategy changes based on results are much easier to put into action, businesses are able to stretch money further when digital marketing is working effectively, and marketers are confident that online options give them a higher ROI and a boost in sales.

With the emerging trends of Digital Marketing, it is forecasted that small businesses of India can increase their returns by 20% in the coming years.

Every business knows they need to market, but the trick is knowing how to split a marketing budget between traditional and online marketing—then allocate the online portion among various channels. To make the most of our money, shoot for where our target market hangs out online or where our competition has a strong presence. The best strategy is to try something, track results, then tweak our strategy to maximize ROI. Digital marketing is no longer about merely adding online channels to the media mix. It is more about integrating digital into all facets of marketing, and that’s what digital marketing strategies do.

Below are digital marketing strategies that are influencing less-is-more in digital marketing and have potentials to boost sales by 20%.

Apple’s Minimalism Movement Wins – Set Precedent

The standard has been set in terms of design, product and messaging. The combination of boldness and simplicity has changed the digital marketing game forever. The most successful and iconic brands of the day — Apple, Uber, Nike, Google— all market using bold strategies that say very little. Their success is due to creating massive channels of advocates. As well as their ability to brand an instantly recognizable image or slogan that instills particular values and warrants a calculable response.

Get Advocates to Spread Message by Implementing Digital Marketing Strategies

In the current world of “shares”, “follows” and “likes”, build the content that we want to send to our friends, post to the followers and connect with them emotionally. Say it quickly and say it well. Content has to be exciting and it has to stand on its own legs so it can essentially market itself. Remarkable content speaks for itself and creates peer-to-peer endorsements. Make our message something meaningful so people feel the

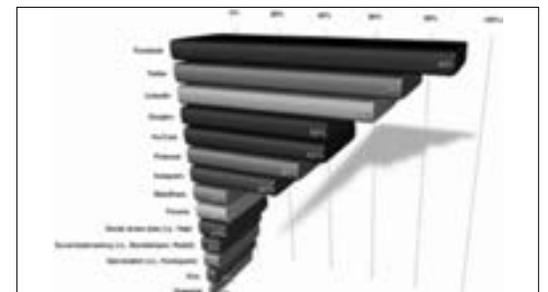
urge to spread it. From there, sit back and watch as the digital marketing ecosystem works itself.

Get Into Info Fast- Right Now by Implementing Digital Marketing Strategies

We want our information fast: a picture is worth a thousand words, a video could very well be worth a thousand sales. When a user is looking at the new websites or marketing, 90% of what they see is endless noise. We fall into a habit of throwing so many words at the audience, and very little of which make a genuine impact. Poorly marketed information nets minimal attention. Marketers must get to the point as soon as humanly possible through highly relevant and deliberate diction. Spread through the right channels, the right content is the difference maker and can create an astounding impact, even with just a few words.

Another Smart Digital Marketing Strategy – Mobile....and Just Mobile

Mobile dominates, but that line is so utterly cliché, Digital Marketing states it differently. The importance of mobile search, mobile optimization, mobile conversions, and mobile ubiquity cannot be overstated. Mobile devices and our collective addiction to them are fixtures of the modern marketing era. Digital Marketing Strategies is about Social Conversion That Is Taking A Leap .Enough has been said about the power of social networks. Not quite enough as been said about the importance of social conversions. For e-commerce and lead generation sites, social provides a growing opportunity to improve conversion rates and gain new conversion channels.



This figure clearly depicts the recent scenario of usage of platforms by people.

Understanding the Relevance of Social Media/digital in Marketing:

The role of social media in marketing is to use it as a communication tool that makes the companies accessible to those interested in their product and makes them visible to those that don't know their product. It should be used as a tool that creates a personality behind their brand and creates relationships that they otherwise may never gain. This creates not only repeat-buyers, but customer loyalty. Fact is social media is so diversified that it can be used in whatever way best suits the interest and the needs of the business. In the present context, it is increasingly becoming pertinent for companies to (1) build a favorable base of consumers, and (2) involve them in decision making. Social media gives marketers a voice and a way to communicate with peers, customers and potential consumers. It personalizes the "brand" and helps you to spread the message in a relaxed and conversational way. beverage companies, exotic automobile manufacturers, pastry shops have been using social media tool. Pepsi Coke, Nokia and many of the top brands have effectively used social media for achieving their business objectives.

Few companies that have become involved in social media are:

1) Facebook Promotions Case Study

Website URL: www.wonderchef.in

Facebook URL : www.facebook.com/SanjeevKapoorWonderchef

Client: Wonderchef is an online home appliances store promoted by celebrity chef Sanjeev Kapoor. Client wanted to increase the brand awareness, enhance the brand-consumer bond, boost the web traffic and generate leads through social media campaign.

Target: Indian women between the age group 25-55.

Challenge: Generating leads through social media platforms was the biggest challenge.

Solutions: They focused mainly on one of the social networking sites where the target audience is active. 'Emotion,' 'nostalgia' and 'comfort' were the three factors that the TBS team addressed while creating content for the campaign. With out of the box strategies and enticing content tailor made to attract Indian women, the team was able to overcome the challenge.

Result: The number of followers drastically increased, generated leads that exceeded the client's expectations. The posts went viral, resulting in an increased number of Facebook page likes and thus, brand awareness.

2) Viral Video Case Study

Why climb the career ladder when you can fly! - 'Corporate Chamcha' Goes Viral in a Big Way...

Campaign: 'Corporate Chamcha' Video Campaign

Client : Red Bull India Pvt. Ltd
Duration: 2 week

Summary: Energy drink Red Bull has launched a campaign to appeal to the ambitious streak of people who want to climb the corporate ladder through performance. It poses Red Bull as a drink that helps them to reach this goal, as the active ingredients in it enable one to give peak performance and thus rise to the top. The essence of the entire campaign is captured in the line: 'Why climb the career ladder when you can fly!' The campaign, which has a strong focus on the digital

medium, is a tongue-in-cheek take on the Indian corporate culture, where a corporate 'chamcha' is ready to do anything to climb the career ladder. As part of the campaign, Red Bull has launched a viral video on YouTube. Titled 'Corporate Chamcha', the film shows how ridiculous it is to be a 'chamcha' and presents an alternate way to reach the top. The insight of the idea is that drinking Red Bull keeps one sharp and enhances performance, so one need not be a 'chamcha' to be professionally successful.

Video Details: Shit Corporate Chamchas Say At Work

Video Seeding & Outreach

Video gained momentum in just couple of days; it spread like anything on internet. Result : "The target which looked most unrealistic was achieved easily and the Video received 2.9 Million hits in just 12 days."

3) Indian hyper-local delivery service Grofer's used Instagram photo and carousel ads to raise brand awareness and drive installs of its mobile app.

The challenge

Grofers is a consumer goods hyper-local delivery service available in 17 cities across India. Users can simply order through the app to receive everything from groceries and hand picked fruit and vegetables, to cosmetics, electronics and bakery items from their neighborhood stores.

The solution

Over six weeks, Grofers shared Instagram photo and carousel ads with its target audience. Simple yet effective, the imagery profiled its fresh fruit and vegetable offering

and highlighted its commitment to food quality and safety. The thumb stopping imagery and narrative invited users to flick through the selection of photos to learn more about the Grofers offering.

The results

By using Instagram to raise awareness of the brand among new users, Grofers saw an 8% incremental reach to its core target audience and significant improvements in cost efficiency, with a 50% lower cost-per-install of the app compared to other marketing.

CONCLUSION

Social platforms each have an ecosystem of their own. Creating a basic social media presence is easy enough, getting your community to actually do something is more difficult. Make sure our site is included in local business directories in order to help ensure that consumers find you when they need you. Customizing messages across sites help the message spread but it keeps users from receiving multiple identical communications. By giving exclusive coupons to our social community, we are rewarding and reminding them that you are not only a brand to engage with, but also to buy from. Taking advantage of these strategies can help build our community, make our marketing more effective, and incentivize buying. Digital marketing is a new compared to traditional marketing channels but if it's implemented strategically we can get better ROI for your campaigns since internet penetration and digital media usage is increasing in India digital marketing is an excellent way to influence your target audience into paying customers. There is no escaping social media these days, either for individuals or for businesses. Today, it is impossible to separate social media from the online world. The social media conversation is no longer considered a Web 2.0 fad -- it is taking place in homes, small businesses and corporate boardrooms, and extending its reach into the

nonprofit, education and health sectors. From feeling excitement, novelty, bewilderment, and overwhelmed, a growing number of people now speak of social media as simply another channel or tactic. Blogging can have a very positive effect on your Company's branding & growth. As per the report, Customers with blogs gathered 68% more leads than customers without blogs. It is imperative to understand that today, social media have exponential potential. They are part of an ever-growing online network of people who discuss, comment, participate, share and create. Whether you are an individual, a startup, small business or a large corporation, an online presence and an ongoing conversation with your constituents is a baseline requirement -- and will take time and expertise. Companies are diverting resources and rethinking their traditional outreach strategies. And as the social media wave dissipates into the vast ocean of connected experiences, the term itself will become an entry in dictionaries and encyclopedias and we will embark on a new era of knowledge, accessibility and experiences unbound by distance, time or physical walls. It is high time that every business adopts social media and takes it seriously.

To successfully implement one's SMM (social media marketing) strategy the following points must be kept in mind: The company shouldn't just jump on to the bandwagon just because others are jumping into it. The market should be analyzed first to understand whether their brand would should try and find out whether SMM strategies fit its brand. The company shouldn't expect results overnight. SMM is a long term strategy. It will not happen overnight. The results might become visible anywhere from three to six months. SMM is not a standalone tool for marketing. It has to be used along with all the other conventional marketing strategies.

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EVOLVING LEADERSHIP STYLES IN NEW AGE ORGANIZATIONS

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Abstract

New age Organizations are gearing up towards finding the new model of leadership model which suits the demand of this technological era. The leader decides the course of the organization and determine its goals. The modern day dynamic leader should be extremely good in soft skills and should exhibit great deal of understanding and maturity.

We have moved from the “Command, Control, Compartmentalization” way of leading organizations to a more interactive, informative, and Innovation-oriented model. To be truly effective, today’s organizations need to have leaders who have the emotional intelligence to create meaning, and have the capability to inspire and empower their people to get things done. This becomes especially difficult when the members of an organization are spread across different continents. After all, you can’t email a smile or a handshake. You need to create places of work where people feel comfortable in a network structure; you need to create organizations where people can have courageous conversations - organizations with people that are adaptable, self-aware, collaborative, resilient, and have a systemic orientation. To create these agile organizations we need people that practice true knowledge exchange and will go beyond solo thinking.

Keywords: Soft skills, command, control, compartmentalization, adaptable, self awareness

Introduction

The basic definition of leadership is guiding a group of people toward a common goal. Defining your individual leadership style, however, may not be as easy. There are many distinct leadership styles that have evolved over the last 80 years of study, each embodying a different set of traits and skills. Yet for all of them, one fact holds true: An effective, successful leader is one who has the ability to inspire.

Early leadership style research

Leadership styles were first defined in 1939 by a group of researchers led by psychologist Kurt Lewin. His team studied youth leaders in activity groups. They grouped behaviors together and concluded there were three different and predominant leadership styles.

The autocratic style is one in which a single person takes control and makes decisions, directing others in his or her chosen course of action. Lewin’s team found that this was the most unsatisfactory leadership style with the youth groups.

In a democratic leadership style, one person

takes control but is open to group input, often allowing the group to make decisions and collectively assign tasks. This leader guides rather than directs. This was the most popular leadership style in the youth groups and garnered the greatest positive response.

With the laissez-faire approach, the person in charge stepped back and did nothing. He or she provided no direction or guidance. The group was disorganized and unproductive.

Literature Review

Lewin’s research introduced the idea that leadership and its associated skills could be taught and learned — that leaders were not just born but could be made. It also recognized the influence that the team members had on a person’s leadership style as well, prompting further research over the years. From the 1940s to the 1970s, leadership research focused on the traits of leaders, such as responsibility, intelligence, status, situation, achievement and capacity. Nearly every study came to a similar conclusion: Such a characterization was insufficient to isolate specific traits of leaders based solely on

possession of the characteristic, but knowing what traits great leaders have in common has a strong influence as leaders try to learn new skills and become better supervisors and managers. In the 1970s and ‘80s, leadership experts Paul Hersey and Ken Blanchard introduced the concept of situational leadership, meaning that a leader adapts his or her style to the situation. In short, suspenseful situations, an autocratic approach may be more effective, but in situations with time to plan and respond, group participation may yield the best results. Leadership approaches can be influenced by personnel involved as well. A strong team member may need little or no guidance from the leader — the leader simply provides direction and allows the team member to determine his or her own methodology to obtain the objective. But another team member may require a more authoritative method to get the same job done.

Modern leadership traits and skills

Since the advancement of situational

leadership, a number of other leadership styles have been identified. Peter Economy, also known as “The Leadership Guy,” recently listed the qualities of today’s best leadership in an Inc.com article. He encourages embodiment of these merits at all times to achieve phenomenal results. They are- Decisiveness, Awareness, Focus, Accountability, Empathy, Confidence, Optimism, Honesty, Inspiration

Research Methodology-

The Tools for this research paper are based on secondary data. In research published in the Harvard Business Review in 2000, author and psychologist Daniel Goleman uncovered six different leadership styles, which he argues spring from different components of emotional intelligence:

Commanding: Leaders demand immediate compliance.

Visionary: Leaders mobilize people toward a vision.

Affiliative: Leaders create emotional bonds and harmony.

Democratic: Leaders build consensus through participation.

Pacesetter: Leaders expect excellence and self-direction.

Coaching: Leaders develop people for the future.

According to Mind Tools, a number of other styles exist beyond those definitions, including:

Bureaucratic leadership, whose leaders focus on following every rule.

Charismatic leadership, in which leaders inspire enthusiasm in their teams and are energetic in motivating others to move forward.

Task-oriented leadership, whose leaders focus only on getting the job done.

People-oriented leadership, in which leaders are tuned into organizing, supporting and developing people on their teams.

Transformational leadership, whose leaders inspire by expecting the best from everyone and themselves.

Recognizing your dominant leadership style is a good place to start in understanding what kind of leader you are. Knowing about other leadership styles, and using them when necessary, is the next step in your leadership evolution. Current theology promotes the idea of using more than one leadership style in the workplace to develop your staff and draw out their very best efforts. In so doing, you will find they draw out the very best in you, too.

The evolution of leadership style

When we think of leaders, we have traditionally considered the heroic leader, who is associated with the military model, with its hierarchical structure and command-and-control ethos. This model has come under challenge as we move to a complex 21st century people-centric environment, where group and team performance are critical to success.

FINDINGS-

The drawbacks of top-down change

Research shows that change from the top to meet today’s circumstances rarely works. Top-down change programmes characteristically become stalled somewhere down the line. We need to ask why this should be so? It is often not a reflection on the abilities of those in the lead, but rather a question of style and approach. There is often a lack of sensitivity to the need to engage others, to co-consult and to provide a forum where stakeholders can express their views, aspirations and fears.

Top management in change initiatives has historically focused more on allocating resources and making strategic decisions than on changing the behaviours (and often, therefore, the skills) and attitudes of large numbers of people. The emphasis was always on smart decisions at the top, not on broad-based people initiatives at the bottom. The people agenda was often missed.

Maybe it’s a question of capturing the hearts and emotions as well as the minds of those who can turn a change initiative into a new reality.

These ideas are not new and have their origins a number of decades ago in the work of people such as Peter Drucker, Edwards Deming and Mary Parker Follett. Today’s change leaders are rediscovering the principles of these thinkers: namely, that a successful business is both a social and an economic entity and must be led as such.

Left-brain thinking

It seems to me that business leaders have much more in common with artists, scientists, and other creative thinkers than they do with managers.

Many traditional top executives who are quoted as success stories in a variety of sectors of organisational life are typically what could be called left-brain focused. What does this mean? Well, logical, linear, analytical, sequential and quantitative are words that come to mind; they used cognitive skills to deliver ‘expert’ solutions.

Many of these leaders reached their positions by serving in a series of management roles. They moved up within the organisational world by delivering cost revenue and earnings results. They operated from positional power; the pace of life and the psychological contract provided the space for command and control.

The shift from an IQ to an EQ model

We need to ask if this type of career path and set of capabilities is fit for purpose today. Research shows that a large number of really 'brainy' people somehow fail to make a success of their lives. Today, in a world of increased complexity, where everything is too complex for the individual to succeed alone, and where multiple stakeholder environments are the norm, IQ is not enough. We need to consider intelligence beyond the traditional IQ model to find some of the answers.

The CARE model

The CARE Model sums up what is required to succeed at a high level:

Cognitive skills

Action skills

Relationship skills

Expert skills

- Cognitive skills – the capacity to think clearly and analyse problems
- Action skills – the ability to get things done, to motivate, to communicate and to transfer ownership to other contributor
- Relationship skills – social skills, building trust, developing others, engaging people at an emotional level
- Expert skills – technical skills; job-related knowledge.

In the leadership model of an industrial economy – the rational, problem-solving, knowledge-based, top-down leadership model, discussed above – perhaps it is the R that is missing.

The Real Change Leader

“Each knew his role

Each knew his reward

Together they made music

They moved harmonious mountains”

Egyptian text, 2007 BC

The 21st century model of the effective leader who can make things happen has

been referred to as an RCL, a Real Change Leader – someone who believes in ‘the gospel of getting the most out of everyone.’ Jon Katzenbach, in his book, *Real Change Leaders* (publishers Times Business, New York 1995), proposes that the right brain of an RCL is continually working alongside the left, as they put huge emphasis on emotions, feelings and passion, as well as analysis of the facts.

In days gone by, leadership might have been about conducting a symphony orchestra. Each player had a role and played when called upon to do so by the leader.

Today, leadership effectiveness is more about jazz than symphonies; we might say it is about improvisation, flexibility and responding appropriately ‘in the moment’. Players come in and contribute as and when required. The lead musician needs to engage players to offer their energy and skills to optimum collective effect.

Command and control is by far the most common change leadership style. Most of today’s leaders were mentored themselves by command and control managers, and the culture of most organizations is still based on command and control norms. It is hard to escape this leadership style’s historic influence and dominance. But as a change leader, you must. Here’s why.

Command and control as a change leadership style destroys virtually any chance of success in nine out of ten transformational change efforts. For starters, command and control:

Limits the engagement and commitment you must develop in your employees, and often actually promotes resistance

Lessens your chances of creating a change process that will lead to success

Keeps you from being able to make the real-time course corrections during

implementation that are necessary for optimal results

Minimizes attention to necessary people issues like consistent communications and emotional reactions to change.

There are limitations of command and control as a change leadership style, and introduce “co-creating” as an alternate way of leading transformation that delivers higher quality change results AND simultaneously establishes a foundation for a high performing culture.

As you read, recall the unique features of transformational change:

- The process of transformation usually begins long before a clear future state can be identified
- The sheer magnitude of transformational change demands a major shift in the leaders’ and employees’ mind set and behaviour and the organization’s culture
- The ultimate success of the transformational change process depends on how well the change leaders make real-time adjustments to their outcomes and process as new circumstances occur

Command and Control is based on a number of Erroneous Assumptions

Command and control is based on establishing and maintaining power over, and control of, people and organizational processes. On the surface, this sounds like a good idea: you certainly don’t want people’s behavior or steps in your change process to be “out of control.” However, this notion of being able to command and control people and processes only goes so far.

A number of usually unspoken assumptions drive the use of command and control. As you read them, imagine the behavior of change leaders you know who believe in these assumptions:

- Leaders know best
- Leaders should know where they are going (goals, outcomes) and must predetermine the plan for how to get there (process)
- Controlling human behavior and action during implementation—so there is minimal variance from the predetermined plan—is a requirement of success
- The environment/marketplace won't change enough to be a factor during implementation, and if it does, leaders can and must control its influence
- If leaders encounter unplanned variables, they must quickly control the negative impacts on the change effort through problem solving and then return to the implementation of their current plan
- Employees won't naturally contribute positively to the change effort, so leaders must "help" them by commanding and controlling their behavior and involvement. Leaders must force people's cooperation.
- Needing to alter change plans connotes leadership failure and means that the change leaders did not plan thoroughly enough

You can argue that these assumptions are somewhat applicable for two types of organizational change—developmental and transitional change. However, they are completely false and inappropriate for transformational changes.

(See *Beyond Change Management: How to Achieve Breakthrough Results through Conscious Change Leadership*, Dean Anderson and Linda Ackerman Anderson, pages 51–79, for a complete discussion of the different types of change.)

In projects that can be isolated from their environment (e.g., protected from outside influences) and for changes that do not require people to change beyond learning new technical or operational skills,

command and control can work. In these cases, a predetermined outcome and project plan can be established and executed through a relatively stable set of circumstances. Employees won't have to change much and won't need to be fully committed to the effort to enable success. Keep in mind, however, that making command and control work in such developmental or transitional change projects is a far cry from making the projects extremely successful. Command and control seldom leads to optimal results in any type of change.

The above assumptions are erroneous regarding transformational changes for a number of reasons. First, transformation is usually catalysed by major changes occurring in the environment/marketplace. These changes are not isolated events, but in this day and age, continuous. Consequently, change leaders can never be sure of their destination when they begin their change efforts. More often than not, circumstances are likely to arise that demand a change in direction. Since change leaders cannot protect their change efforts from the significant influences of the environment, they cannot create a plan and expect to control all of the dynamics that may impact its execution. They will need to continuously alter or course correct both their plan and their destination throughout the change.

Consequently, to have any level of success, change leaders need many eyes and ears tuned to the change effort, marketplace, and customer dynamics, as well as internal organizational forces. Whose eyes and ears do they need? Employees!

Employees frequently receive critical data for course correction long before leaders because employees are closer to the action. They are key to the early warning system for needed adjustments to both the goals of the transformation and the plans for getting there. Therefore, employees need to participate as full players, not coerced

victims. They must emotionally "own" the change and understand its intent as much as the leaders do so they can contribute to moving it forward in a positive direction.

Furthermore, in transformation, the nature of the change is so profound that the organization's culture and employees' mind-sets and behavior must change to succeed.

Both leaders and employees must evolve their mind-sets about how work gets done, their role in the work, and the way the organization functions. For instance, they might need to embrace new business models, develop partnership relationships with previously adversarial departments, design radically new work processes, take on more responsibility, etc. Leaders can command and control employees to learn new technical skills, but they cannot coerce this level of personal change. That can only be accomplished by willing participants—willing because they see the value and necessity for both themselves and the organization. Therefore, a change leader's mind-set, style, and behaviour, and the change process they design as a result of their orientation, must catalyse employees to want to participate, to choose to contribute, rather than force them to do so.

The Key is to Co-Create with Employees and Circumstances, Not Exercise Power or Control over Them

Co-creating implies working with. It means operating as a team, aligned across hierarchical and functional boundaries in pursuit of what is best for the overall organization. A change leader operating in a co-creative style views employees as strategic partners in the change, not just "targets" of it. Pragmatically, this means:

- Providing employees all the marketplace information about why the change is necessary (the case for change)
- Asking for and using employee input about the vision or direction of the

change (its intended outcomes)

- Involving employees in the design of what needs to change (the content of the change)

Putting employees on teams critical to making the change happen, such as the communication team, the design team, even the change leadership team itself
Giving employees decision authority about the change as it pertains to their “local” environment

Providing employees with a clear structure and process for reporting information and issues pertinent to the success of the change, including potential course corrections to it

Regarding the actual change process, working with (co-creating) means not trying to stamp out problems—those “negative” outside influences that were not planned for, but instead, letting those forces influence your plan and direction. Where a command and control leader will try to eradicate problems so his or her rigid plan can continue, a co-creative leader will “listen to the messages” embedded in problems to discover if course corrections are necessary. A co-creative leader assumes variance will occur and perceives problems as “gifts” revealing needed course correction so they can achieve the best result. Where change leaders operating in a command and control orientation often miss wake-up calls for alteration and march down paths doomed for failure, co-creative change leaders hear these wake-up calls and engage with employees to figure out how to handle them successfully (i.e., they co-create solutions.)

Transformational Change Success Requires Change Leaders to Transform Themselves to Embrace and Model a Co-Creative Style

In the late 1980’s and early 90’s, Being First, Inc. found out the hard way that an organization that attempts to design and implement transformation without addressing personal transformation in its

leaders is doomed for failure. Back then, we accepted, albeit reluctantly, clients who wanted our cutting-edge change methodology but were unwilling to engage in the critical personal transformation work of the leaders. These clients loved The Change Leader’s Roadmap, but would consistently run into predictable problems we could help them see, but not overcome. The reason, ALWAYS, was a lack of insight caused by the blinders of their command and control orientation. From their worldview, these leaders could not see simple solutions to their people and process implementation problems, and would not accept our input about critical change strategies; they just did not think what we offered was necessary or valid. We learned then that the key to successful transformation was evolving leaders’ mind-sets about change. Over time, we decided as a firm to no longer engage in long-term consulting relationships unless the client, after some initial change education, agreed that co-creating was critical to their success, and that they would provide The Breakthrough to Change Leadership program to their leaders (CEO included). This program is our method for experientially introducing leaders to cocreating and demonstrating the profound benefits and tangible change results this orientation can deliver to their bottom line.

Case in Point

One of our early client “pioneers” in this regard was Daryl Sabin, the Vice President of Manufacturing for a large food company in San Francisco, California. Daryl knew that implementing change was critical to his organization’s success, but rather than ask us to simply teach our change methodology and tools to his change leaders, he instead insisted that we support their “breakthrough” to new ways of thinking and behaving. We devised a strategy for Daryl that included training, coaching, and numerous follow-up sessions doing real-time change strategy development with him and his team.

The net result was a substantial increase in performance and change leadership effectiveness for his team and organization. The leaders increased the pace and quality of their decision-making and collaboration, and were able to positively engage their employees in the needed changes in their organization as never before.

Since this time, we have experienced many client interventions where breakthroughs in change leadership style have catalysed significant increases in change results, even without the use of The Change Leader’s Roadmap and its resources. Our consistent findings over the past twenty years suggest:

1. The greatest determinant of a change initiative’s success is the mindset and style of the change leaders.
2. Using a comprehensive change process methodology in a command and control way limits the benefits the methodology would otherwise produce.
3. If you have to choose, put mindset and style first, methodology and tools second.
4. The best formula for success is combining the two; include the personal transformation and change leadership breakthrough work as an early part of the overall change plan.

Summary

Every day there are more decent change tools available on the market. Using these tools can be extremely helpful and can increase the chances of your organization implementing its change efforts successfully. However, no change tool or methodology, Being First’s included, is an adequate substitute for change leaders and consultants evolving their mind sets and style to embrace the required co-creative approach.

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15 DEMONETIZATION: WAY AHEAD FOR INDIAN ECONOMY

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Abstract

Government of India announced demonetization of one thousand and five hundred rupee notes on 8th November 2016 as a measure to control corruption. Suddenly there was shortage of cash in the market and queues started building up in front of banks and ATMs. Views started coming out from different agencies and thinkers about the step of demonetization. According to some thinkers the step is going to be a big failure as the economy will suffer because of sluggishness in demand. This paper shows the other side of the coin and on the basis of pre-established economic theories; it reveals that demonetization is going to benefit the economy in the long period if the flow of money would be towards economically weaker section of the society. The facts that have been given in the paper are based on certain assumptions. Later the paper also discusses the major challenges in the way to demonetization in the country.

Keywords: Demonetization, Money Supply, Demand, Currency, Corruption, Black Money

Introduction

Currency is accepted by the people of any country as medium of exchange. It includes notes and coins that are legal tender and people use currency in their day to day transactions. Currency makes buying and selling easy because of its unique features such as measurement of value and acceptability or liquidity. It is important to manage currency according to economic condition of any country to avoid high inflation or recession. There are various measures to manage quantity of currency and one such measure is demonetization. Demonetization is a state when the current currency does not remain legal tender and new currency takes its place. Recently on 8th Nov. 2016 India faced the demonetization of one thousand and five hundred rupee notes to curb black money and fake currency. Demonetization is not new in India. In the past also Government had demonetized ten thousand and one thousand rupee notes. The present paper is trying to find the way ahead for the Indian economy after demonetization. The paper links demonetization with different economic variables and measures the impact.

Demonetization Some Global Examples

Demonetization is not a new word in the history of Indian Economy. India has witnessed demonetization third time when Prime Minister Narendra Modi declared that five hundred and one thousand notes are no more legal tender on 8th November 2016 with the aim to curb corruption. India is not the only country that has tried demonetization as a weapon of war against black money and fake currency; there are some other countries of the world that have tried it earlier such as Russia, North Korea, Zaire, Myanmar, Ghana, Venezuela etc. In all these countries, the step of demonetization proved to be a failure and could not meet the objective mainly because of unrest among the people of the country. On the other hand, apart from these countries there are countries such as USA, Pakistan, and European Union etc. where it was successful as in these countries the timing of demonetization was appropriate and the idea was carried out nicely by the Governments of the respective countries.

In almost all the countries where demonetization failed, the people of

the country were against the decision and they started agitations. As a result, either the Government rolled back or the system collapsed. This is where India has an advantage, people of the country are welcoming the step of demonetization and have shown great patience and enthusiasm in fight against corruption. People are opting cashless transactions as substitute of cash and are supporting the step of demonetization to a great extent. So, India can expect better results from demonetization.

Objectives

The main objectives of this paper are:

- 1) To analyze the concept of demonetization in Indian context.
- 2) To analyze the expected short term and long term impact of demonetization.
- 3) To see the challenges in the way of successful demonetization in the country.

Concept of Money supply in India

Before going into the details of impact of demonetization, it is important to understand the concept of money supply. The four

concepts of money supply that prevails in our country are:

M1

M1= Currency with public + Demand deposit in all banks (e.g. current account, savings account) + other deposits with RBI

M2

M2= M1 + Post office bank savings

M3

M3 = M1 + Time deposits with commercial banks (Fixed deposits, Recurring deposits).

M4

M4= M3 + Total post office deposits

Impact of Demonetization on the Indian Economy

There are many views regarding the impact of demonetization. Many thinkers give their views that it will lead to shortage of money and recessionary trends in the economy. Some thinkers give their views that demonetization will not be successful in its objective to curtail corruption. This paper highlights different aspects of demonetization and is trying to elaborate the best possible effects with the help of following framework.

Stimulus impact

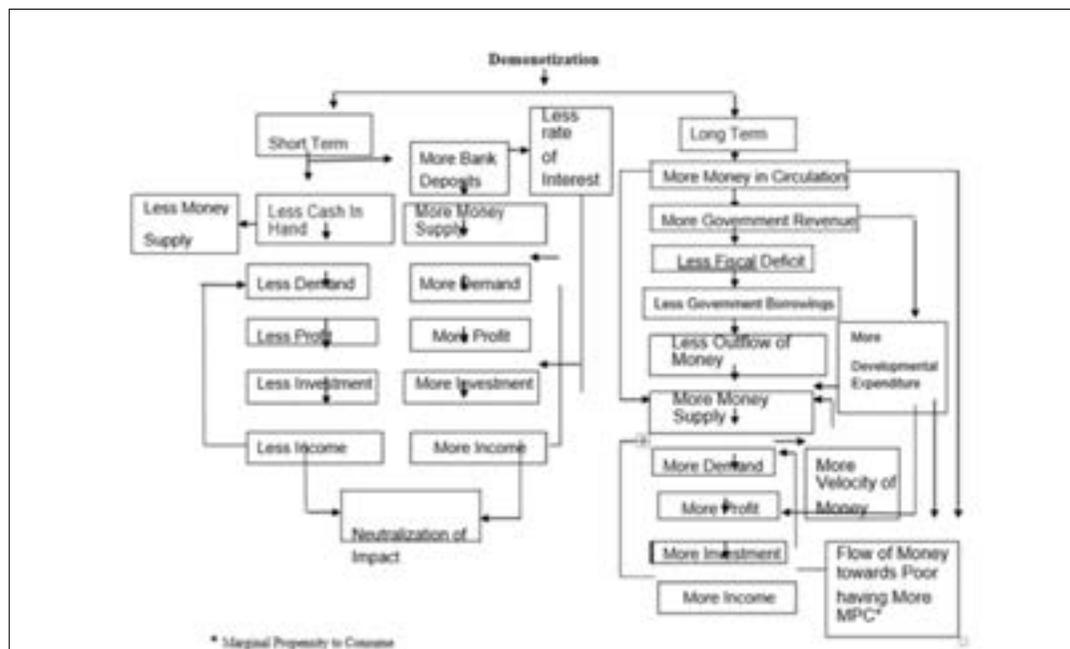
The above mentioned deterrent effects are only one side of the coin. In reality, though cash in hand is less but money supply has not come down. It is evident from the M1, M2 concepts of money supply that includes the currency, bank deposits and deposits with the post offices in the money supply. The deposits are increasing with the banks and that leads to lowering interest rates. Banks will create credit and money supply will increase further as it is said that banks create money when they lend. In the discussions on demonetization, there is a consistent reference to the resultant increase in credit creation in the economy. Like Finance Minister Arun

Jaitley says, “Bank deposits will increase and they will have more capacity to support the economy” (NIPFP). Low interest rates will be an incentive for the investors to invest more and with positive multiplier effect the income will increase and that will create demand for goods and services.

Deterrent and stimulus effects seem to be neutralizing each other and economy will run as usual after a specific time period.

Long term impact

The real benefit of demonetization can be seen in the long run as in this time period, there is no deterrent effect but there is only stimulus impact. With demonetization, idle cash has come out which was not there in the circulation and it was in the form of black money. So there is more money in circulation and that has increased the government revenue in terms of fines, penalties and taxes. One should witness a spurt in tax collections in indirect taxes as well as property tax in the month after demonetization. There is evidence already that property tax collections in some cities are higher than last year (NIPFP). On one side it decreases the fiscal deficit and on the other hand it leads to more expenditure on the developmental activities. Developmental expenditure turns the flow of



The impact of demonetization can be seen in two ways- short term impact and long term impact. In both the time periods it affects the economic variables differently as shown below:

Short term impact

In the short period, the impact can be categorized as stimulus impact and deterrent impact.

Deterrent impact

The Government of India is trying hard to supply new notes in the market but it is clear that in the short term there would be less

cash in hand and it seems that there is less money supply. Less cash in hand compels people to buy less. The demand for goods and services will fall and it is difficult for the entrepreneurs to earn profit. Falling profit causes the investment to come down. Because of backward effect of multiplier, there will be less income generation in the economy. Low level of income generation again becomes the cause of less demand and this circle continues unless Government does pump priming or any other stimulus factor that pushes the economy out of this recessionary situation.

money towards poor people and they have comparative more. Marginal Propensity to Consume (MPC), that indicates high demand in long term. Less fiscal deficit causes few government borrowings both internal and external. There is less outflow of money and more money supply in the economy that generates demand, profit, investment and income. With rising economic variables the velocity of money also positively contributes in the stimulus factors.

The overall analysis of long period indicates that the demonetization will positively affect the economic variables and will strengthen the economy. The above analysis is based on certain pre-assumptions that are required for the proper working of economic variables depicted in the chart.

Assumptions

- 1) Idle money will come out with demonetization.
- 2) The flow of accumulated money after demonetization will be towards the poor and middle class population.
- 3) Developmental expenditure will be increased by the government.
- 4) Marginal Efficiency of Capital remains high.

Challenges in the way of demonetization

- 1) Timely and sufficient supply of new currency is the major challenge for the government as there is sudden surge in the demand of new currency notes.
- 2) A large number of Indian population is illiterate and is not technology friendly. People are not aware of electronic mode of payments.
- 3) In many parts of the country infrastructure required to electronic payments is inadequate such as smart phone or mobile connectivity, electricity etc.
- 4) Many people do not consider electronic payments safe and convenient. They

are very much familiar with the cash as medium of exchange as they have been using cash for many years for payment of goods and services they purchase. This is the reason that a major part of Indian consumers prefer to make and accept payments in cash only. Their switch to cashless economy requires a big behavioral change and that is a major challenge.

- 5) A major part of the black money is kept in the form of land, gold and is deposited with foreign banks, so demonetization will not affect directly a major part of black money accumulated in other forms than cash.
- 6) Another major challenge before Government is that how to pump the accumulated capital again in the economy and in which form, so that poor and middle class people should get the major share of the benefit. If Government succeeds in this step, it will reduce the gap between rich and poor.

Conclusion

The step of demonetization is a daring step as about eighty six percent currency in circulation has been wiped out by the Government mainly to limit black money. The dearth of cash disturbed the life of a common man in the initial days of demonetization but people stood by the decision and the situation improved with passage of time. Idle cash has come out in circulation that has been accumulated in the form of black money. Government fiscal deficit has come down as the Government revenue has increased in the form of fines, penalties and taxes. The increased Government income will flow towards poor or the middle class population in the form of developmental expenditure. The super multiplier effect will further enhance investment, income and consumption in the economy. Moreover, the economy is moving towards cashless transactions and that will be a great stimulus factor and indicator of economic

development. The path of demonetization is not smooth there are certain hindering factors that should be tackled properly and timely by the Government to make demonetization a success.

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SOCIAL MEDIA PLATFORM CREATING FRAMEWORK OF BUSINESS TRANSFORMATION

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Abstract

We have been living an era of great changes across globe, mostly brought about by Innovation and technological advancements. It is the era of Social media platform, instant communication and the era of big data. These improvements are reflected in every aspect of life, including consumption, purchase behavior and, consequently, in the Business Framework. In today's time millennium generation do not find time to come & interact with each other, without Social media platforms. Social media are fundamentally changing the way we communicate, collaborate, consume, and create, connecting people across globes with social networking sites.

Social media marketing have radically transformed the business framework. Technology has taken marketing by storm with Channels proliferated, and then converged; information turned into a tidal wave; and customer expectations for new experiences rose to new heights. The speed of change in Social media marketing is picking up its pace, and it's going to keep accelerating. This research paper emphasizes on Marketing trends and the strategies to stimulate innovative investigations of the relationship between social media and business transformation. In this paper we outline a broad research agenda for understanding the relationships among social media, business, and Customer engagement

Keywords: Social Media; Business transformation; Social media platforms; Social Advertising

INTRODUCTION

Enterprising BusinessMark out and operate with a clear Vision of business direction, using a framework of roadmap that define the way forward. Many companies, considering that IT is increasingly interwoven and integral into the very fabric of most businesses, markets and societies. New digital solutions offer Potential opportunity for organizations to build new business model to compete and create a foundation for outperforming others in the changed Business environment.

Social Media has begun the marketing revolution. It is a new marketing tool that allows Business to get to know your customers and prospects in ways that wasn't possible earlier. The emergence and popularity of social networking websites and social media has made it simple and easy platform for an individual to communicate in real time with thousands of total strangers as with a single close friend.

Social networking websites have also been a great equalizer, making it just as easy for

an individual to build or break a marketing brand of a large corporation, as well as made it easy for competitive corporate to analyze and evaluate impact of Promotions and connections attempt of Rivals. Increased communication for organizations extends to three additional areas: digitizing operations, products and services, it further fosters brand awareness and often, improved customer service. Additionally, social media serves as a relatively Economical and effective platform for organizations to implement marketing campaigns.

Digital developments are taking place in across all industries, throughout the globe. for example, life sciences, Electronics, Retail, Manufacturing, Consumer goods, Chemicals, Banking and Insurance we have found common elements in all four of these areas that apply to most companies in both the B2C and B2B markets Every organization is required to develop a tailored Business Framework in his industrial sector, for each market to ensure proper fit.

Traditional media has a one-way communication where customer can read a newspaper or listen to a report on television, but have very limited ability to give their thoughts or opinion on the matter. Social media, on the other hand, is a two-way street that gives you the ability to communicate and give feedback too.

Key drivers of Business transformation

Digital business transformation is the ultimate challenge for all Organizations in change management. It impacts not only industry structures and strategic positioning but it affects all levels of an organization and even its extended supply chain. Business leaders must constantly challenge their organizations to ensure this change can unlock productivity gains and significant competitive advantage all while delivering exceptional customer experience.

Decision-makers in today's time work

out their broad strategic for Business Transformation based on the under mentioned key drivers:

- Improving the experience of customers
- Growing revenues and thus Profitability,
- Improving differentiation
- Increased speed-to-market.
- And reducing costs.

Digital business transformation can be motivated by a number of factors. In some

cases, it comes from consumers, who are better informed than ever before.

Consumers today are actively searching for enhanced service, lower prices, and higher levels of quality. The Footfall at Store in retail environments, where consumers visit physical stores to see items and then order them from online vendors, is an example of the increasing sophistication of customers to seek the best deals.

IT capability (how information is managed), the offerings (what products and services a company offers), and the engagement model (how a company engages with its customers and other stakeholders) These categories make up the most important elements of an organizational value chain as it relates to digital transformation. It is vital to set priorities and identify the most important areas of focus to introduce a staged approach.

The above figure is smart transformation business model to be considered as per the stage of development and transformation required.

Social media marketing refers to the process of gaining website traffic or attention through Search Engine Optimization tools. Social media marketing programs usually based on AIDA(Attention Interest Desire and Action) efforts to create content that attracts attention and encourages readers to share it with their C2C social networks.

Social Media is revolutionized the communication radically, with countless array of internet based tools and platforms that increase and enhance the sharing of information. This new form of Social/Digital media makes the transfer of text, photos, audio, video, and information in general increasingly fluid among internet users. Social Media has become relevant not only for regular internet users, but also to all form of business as well. Social media refers to the means of interactions among people in which they create, share, and/or exchange information and ideas in virtual Social communities and Social networks.

Popular Social Media Platforms:

1. Social networking sites- Facebook, Google Plus, CafeMom, Gather, Fitsugar - Interact by adding friends, commenting on profiles, joining groups and having discussions. Face book is the world’s largest social networks, where users create a personal

Transformation Category	Guiding questions to ask of each organizational transformation category
Business Model (how you make money)	What are your routes to market? How relevant is digitally-enabled commerce, i.e. e-commerce, m-commerce? Where does most of your revenue and profit come from? What are your main customer segments? Do these need to change? How are you differentiated from your competition? How relevant is this for the future?
Structure (how you are organized)	What type of organizational structure do you have? What is the balance between local and global decision making? Does this make sense for the future? Where do different aspects of 'digital' sit in your organization? Are they effective?
People (the people who work for you)	How digitally savvy are your employees across different parts of your organization? How digitally savvy are your leaders? What new capabilities are required? How will you acquire them?
Processes (how you do things)	To what extent are your processes automated and digitized? To what extent are your processes consistent across your organization? To what extent are your processes adaptable to change?
IT Capability (how you collect and manage information)	How effective is your IT infrastructure: core systems, networks, databases. Is it able to support your digital ambitions? How effective is your forward facing IT: websites, mobile sites, social media? How effective is your customer relationship management system?

Engagement Model (how you engage with customers, suppliers, etc.) How strong is your relationship with customers? How many customer touch-points do you have, i.e. web, mobile, mail, face to face? How often do you engage with them? How loyal are your customers?

Digital business transformation can take many forms and smart transformation requires prioritization of the business model including (how a company makes money), the structure (how a company is organized), the people (who works for a company), the processes (how a company does things), the

- profile, add other users as friends, and exchange messages, including status updates. Brands create pages to promote invite Likes from Facebook users brands' pages
2. Micro-blogging sites- Twitter, Tumblr, Posterous - A social networking/micro-blogging platform that allows groups and individuals to stay connected through the exchange of short status messages and following each other.
3. Publishing tools- WordPress, Blogger, Squarespace - A platform for casual dialogue and discussions on a specific topic or opinion
4. Collaboration tools- Wikipedia, WikiTravel, WikiBooks etc.
5. Rating/Review sites- Amazon ratings, Angie's List
6. Photo sharing sites- Flickr, Instagram, Pinterest and SnapChat - Instagram and SnapChat A free photo and video sharing app that allows users to apply digital filters, frames and special effects to their photos and then share them on a variety of social networking sites. Pinterest is a social curation website for sharing and categorizing images found online. Pinterest requires brief descriptions but the main focus of the site is visual. Clicking on an image will take you to the original source, so, for example, if you click on a picture of a pair of shoes, you might be taken to a site where you can purchase them. An image of blueberry pancakes might take you to the recipe.
7. Video sharing sites- YouTube, Vimeo, Viddler -where companies and customer host videos and movies
8. LinkedIn Groups: A place where groups of professionals with similar areas of interest can share and participate in a conversations happening in their fields
9. Personal broadcasting tools- Blog Talk radio, Ustream, Livestream
10. Virtual worlds- Second Life, World of Warcraft, Farmville
11. Location based services- Check-ins, Facebook Places, Foursquare, Yelp

12. Widgets- Profile badges, Like buttons
13. Interact by voting for articles and commenting on them. Interact by tagging websites and
14. Searching through websites bookmarked by other people.
15. Group buying- Groupon, Living Social, Crowdsavings

Role of Social Media in Business Transformation

The number of social media users has risen by 176 million in the last year. 1 million new active mobile social media users are added every day.

Unquestionably, Social media is an invaluable tool for businesses. Customer engagement will grow rapidly and you can easily achieve your objectives.

To gain unbridled continuous success on the Worldwide Digital Market, business leaders should focus on the emerging Social Media platforms to write their success stories. Organizations must use the latest social media strategies to win the battle

A corporate message spreads from user to user and presumably resonates because it appears to come from a trusted, third-party source, as opposed to the brand or company itself hence, this form of marketing is driven by word-of-mouth, through social network meaning it results in earned community of followers and friends rather than paid media. When products or companies join those sites, people can interact with the product or company. That interaction feels personal to users because of their previous experiences with social networking site interactions. Social networking sites like Twitter, Facebook, Google Plus, YouTube, Pinterest and blogs allow individual followers to "retweet" or "repost" comments made by the product being promoted. By repeating the message, all of the users connections are able to see the message, therefore reaching more people

Today, organizations are exploiting the potential of social media to create a lasting value and brand impression for their businesses, obtain extensive results and attract and retain increasing number of customers. In fact, in this fast changing digital business landscape, social media is gaining attraction like never before. Technical experts have started formulating working strategies accordingly.

However, it is important for business to :

- understand the role of social media in new business landscape;
- keep track of the changes;
- develop new approaches;
- recognize and learn how to compete with the competitors on social platforms;
- understand the way social media platforms are changing;
- to utilize the analytical tools properly.

In a nutshell, it is important for the Marketing experts to explore new opportunities that social media offers.

Engage customers through a varied set of platforms

We believe the future of customer contact is 'digital by default' – that customers will opt first for digital channels for almost everything, using the phone only when their issue is so complex or so emotionally charged that they need to speak to someone. Every business – and its customers – is different and specific today, many people call contact centers simply because they can't find the answers they need on digital channels – frustrating for them and costly for businesses. An organization serving 250,000 customers could save enough every year if take-up of digital services increased by a modest 30%. A customer interaction online is fifty times cheaper to serve than an equivalent face-to-face interaction

There is growing need to understand how

to engage customers through a varied set of platforms.

Here are a few ways to:

- Never ignore buyers' personas – Create content according to your buyers' persona. Understand their needs and provide solutions accordingly. Better use compelling images and videos and an engaging content.
- Respond Instantly and Positively – This is the best way to build your credibility and gain confidence of your customers. You should always respond instantly and positively. If there is any serious issue, solve it immediately. Clarify the doubts of your customers; this will improve customer satisfaction and enhance your brand image.
- Choose platforms wisely – Use the most suitable platform for communication. Twitter and Facebook are good for quick interaction and to address problems.
- Keep your customers informed – Whatever the platform you choose, you should always try to improve the experience of your customers. Share business related information, infographics, Pdfs, Url links and other useful information to help them make their decisions easily.

You need to explore new opportunities and monitor consumers' choice in order to adjust your strategies accordingly.

Social networking sites act as word of mouth. Because the information about the product is being put out there and is getting repeated, more traffic is brought to the product/company. Through social networking sites, products/companies can have conversations and interactions with individual followers. Also, by choosing whom to follow on these sites, products can reach a very narrow target audience. Mobile phone usage has also become a benefit for social media marketing. Today, Smart cell phones have

social networking capabilities: individuals are notified of any happenings on social networking sites through their cell phones, in real-time. This constant connection to social networking sites means products and companies can constantly remind and update followers about their capabilities, uses, importance, etc. Because cell phones are connected to social networking sites, advertisements are always in sight. Also many companies are now putting QR codes along with products for individuals to access the company's website or online services with their smart-phones Customer Engagement. In the context of the social web, engagement means that customers and stakeholders are participants rather than viewers. Social media in business allows anyone and everyone to express and share an opinion or idea somewhere along the business's path to market. Each participating customer becomes opinion leader and vital member of the marketing department, as the other customers read their comments or reviews and testimonials.

The Customer engagement process is fundamental to successful social media marketing.

Business transformation

Framework Strategies

Strategy 1: Digitizing the Customer Experience through Omni channel and Social media Platforms

Customers are clearly the most important stakeholder of any organization. In order to serve customers in the best possible way, it's essential to know them, which until recently was only possible through companies' internal systems. Using CRM, companies can identify which products a particular customer has historically purchased; now, better analysis can be performed through the Internet: What complementary products do similar customers buy who have a similar purchasing history?

The digital footprint that consumers leave behind in their day-to-day online behavior accumulates not only around customers, but also around processes, organizations and devices. Based on information derived from social media, organizations can link certain consumer preferences to potential buying habits.

Customer insights acquired through digital technology can also be used for digital marketing. In today's connected world, the first thing that consumers and business customers often do when researching a purchase is to check the Internet, exploring Web sites and their own personal networks and communities for advice and rankings before they decide to buy. To be competitive, organizations must provide up-to-date product information online and engage with online communities to provide advice on their products. Organizations can use digital marketing tools to personalize their product and service promotions, with the goal of increasing customer loyalty.

With new channels of interaction, such as mobile and social media, customers now expect all their engagements with the company to be consistent across all available channels. For instance, they expect to place an order when and where it's most convenient for them, and then to receive their products through the channel of their choosing. If organizations do not enable such an omni-channel approach, they risk losing customers and increasing customer dissatisfaction.

Omni-channel communication and service is, therefore, key. It is no longer a question of whether your organization should act on this but when, as consistent and efficient interactions across channels are now a crucial requirement for competing in the digital world.

Strategy 2: Digitizing Products and Services

Organizations today increasingly realize

they can no longer focus on just selling products; they need to sell an experience. An increasing number of products today both consume and generate data, and many are interconnected through the Web. Because of this increased intelligence, their usage can be monitored, additional services can be proactively offered, or maintenance can be provided when a problem is detected. To create such experiences, customers should be taken on a journey through the process. To accomplish this, organizations need to think about how they can stay in touch with customers all along their journey.

As organizations implement more sophisticated ways to understand their customers, expectations will rise for product and service offerings that are tailored to individual customer needs.

Because they can easily access vast volumes of information and switch suppliers with the click of a mouse or tap on a touch screen, consumers no longer feel compelled to pay for products or services they don't want or need. They only want to pay for what they use, requiring organizations to respond in kind. For example, publishers might let customers pay per article instead of for the whole newspaper, like the "Blendle" initiative in The Netherlands. A combination of subscriptions based on pay-per-use is possible, with articles from different newspapers being combined into one overview. New pricing models such as charging extra for upgraded service are also possible, but because pricing has become so transparent, companies should proceed with caution. If pricing is inexplicably high, this could backfire.

Strategy 3: Digitizing Operations

Advanced digital technology, aided by sensors, can improve business processes in several ways. For example, big data analytics can help in-bound logistics run more smoothly by tracking product movements; the cloud can be used to create uniform

business processing platforms; and mobile platforms can enable employees to perform their work anytime, anywhere and on any device. Standard cloud platforms offer feature and functionality updates more quickly and can lower testing costs.

By automating, standardizing and globally sourcing processes, organizations can become more agile, more responsive to changes in demand, and better able to increase and sustain profitability. Such agility is essential as competitiveness is increasingly dependent on responding and anticipating to fast-changing market developments through human intervention; artificial intelligence and automated machines are not yet fully able to respond. Therefore, organizations must adopt an agile way of working.

Strategy 4: Multimedia Usage

The term "A picture is worth a thousand words" has never been truer. Consumers are now using the web to look for product pictures and videos; they want more information and want to see what they're considering buying. The good news is that it's easy for a company to create and publish videos and pictures. In addition to taking photos of products, you can also take pictures at office events as a way to highlight company culture. This not only helps convince others to work with you or to buy from you it also helps your HR department recruit new employees. Who doesn't want to work for a company that celebrates birthdays and has a good time? Showing step by step directions can have a greater impact than even the most well written article. Businesses don't have to invest huge sums of money to create good videos, either. I highly recommend the relatively cheap Flip camcorder, which takes great videos and is easy for even a non-technical marketer to use. Multimedia can break down the faceless business-to-consumer sales flow and make your company appear friendlier. Use videos and images to show that your business is fun, you care about your employees, and most importantly, that you care about your

customers. EXAMPLE: WORLD MUSIC SUPPL.COM WorldMusicSupply.com, an online retailer of musical instruments and accessories, has used YouTube to build a strong online community. Their channel has built over 7,000 subscribers and has over 260,000 views.

Strategy 5: Integrate Offline and Online Advertising

Many small businesses do some sort of offline advertising, whether it be radio, print, or TV. Social marketing allows a business to extend their offline sales pitch. Including your Facebook Page or blog URL in offline advertisements act as social proof, inviting potential consumers to see your community and increase trust in your business. Not only can integrating online and offline advertising help the conversion process, but it can also help build your community. Introducing potential consumers to your social profiles means they may join your community now and buy later.

Strategy 6: Message Adaptation

As businesses start to become more sophisticated with social media they are starting to leverage more online platforms. However, most deliver the same message over multiple platforms instead of tailoring communications for each individual site. Social platforms each have an ecosystem of their own. What might be acceptable on Tumblr might be considered spam on Facebook. A specific style of writing might spread on Twitter but fail on FriendFeed. Understanding that each site is different and then customizing your message ensures they do well on each respective site. Not only does customizing messages across sites help the message spread but it keeps users from receiving multiple identical communications. Be sure to maximize your potential by sending a user that follows the business on Twitter and Facebook two different messages, instead of the same thing.

Strategy 7: Local Social Networks Beyond

YELP Make sure your site is included in local business directories in order to help ensure that consumers find you when they need you. Check inbound links for your competitors to check for business directories you can add yourself to. Also, make sure your business has been added to Google Maps, using the Local Business Center. Take the time to include all the information you can and update any old news.

Strategy 8: Contests and Discounts

Building a community is only the first part of social marketing. Using that community to drive sales, propagate marketing, or crowdsource operations is the true power of social media. One way to excite the community is to collectively do something to create a contest or offer an exclusive discount (i.e., the contest can create competition between users). Not only does a contest build buzz organically but if contestants need to, for example, publish an article that gets the most comments in order to win, the contest itself becomes viral. A good social media contest should include some sort of sharing or viral messages as a requirement for winning. By giving exclusive coupons to your social community, you're rewarding and reminding them that you are not only a brand to engage with, but also to buy from.

EXAMPLE: NETFIRMS.COM NetFirms.com decided to make it easier to register a domain by allowing people to do it via Twitter. Those who participated or spread the word by tweeting, were also entered into a prize drawing.

Case Studies

1. **CAMPAIGNS of ADIDAS** In 2007, Adidas, and their agency Carat, created a social media experience for soccer players. Adidas pitted two different cleat types against one another and asked people to "choose your side." The content focused on fostering an environment of friendly

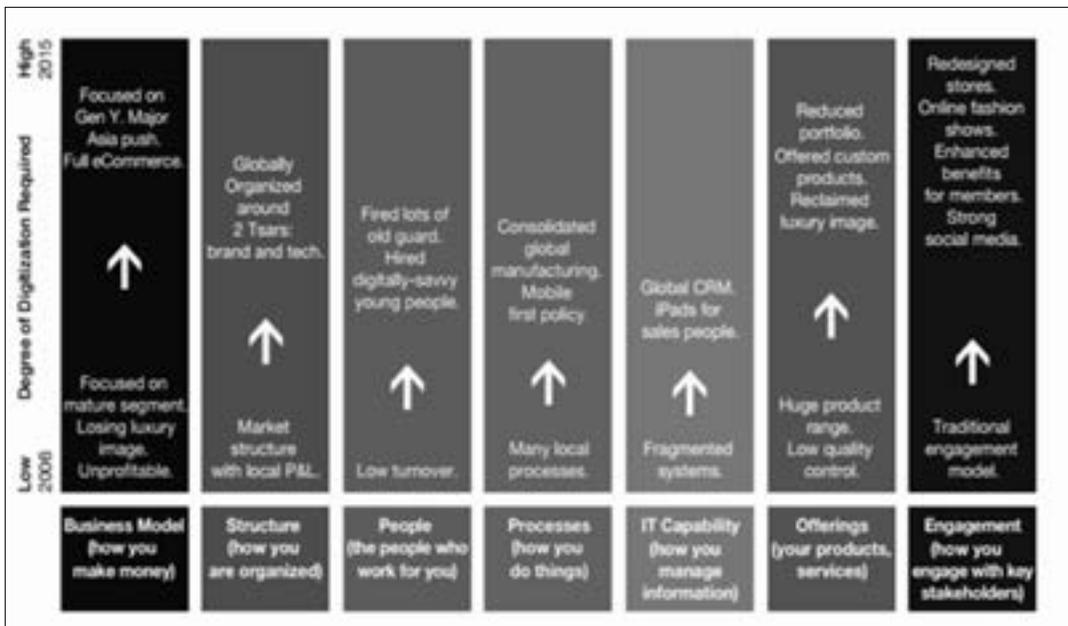
discussion and debate of Adidas' two models of elite soccer cleats/boots, Predator and F50 TUNIT. Visitors to the community had the opportunity to align themselves with one product "team" and offer comments in support of their preferred model. The community included content about professional Adidas soccer players on each "team," rotational product views, downloadable graphics, forum discussions, a link to additional product information, and a link to the adidas Mexico Fútbol profile page

2. **BETTY WHITE** Social networking sites can have a large impact on the outcome of events. In 2010, a Facebook campaign surfaced in the form of a petition. Users virtually signed a petition asking NBC Universal to have actress Betty White host Saturday Night Live. Once signed, users forwarded the petition to all of their followers. The petition went viral and on May 8, 2010, Betty White hosted SNL

3. **2008 PRESIDENTIAL ELECTION** The 2008 presidential campaign had a huge presence on social networking sites. Barack Obama, a Democratic candidate for US President, used Twitter and Facebook to differentiate his campaign. His social networking site profile pages were constantly being updated and interacting with followers. The use of social networking sites gave Barack Obama's campaign access to e-mail addresses, as posted on social networking site profile pages. This allowed the Democratic Party to launch e-mail campaigns asking for votes and campaign donations. **LOCAL BUSINESSES** Small businesses also use social networking sites as a promotional technique. Businesses can follow individuals social networking site uses

in the local area and advertise specials and deals. These can be exclusive and in the form of "get a free Cofee with a copy of this tweet". This type of message encourages other locals to follow the business on the sites in order to obtain the promotional deal. In the process, the business is getting seen and promoting itself.

4. Various aspects of Burberry's digital business transformation between 2006 and 2015. In 2006, Burberry was faced with multiple challenges, including high costs, a fragmented manufacturing base, product proliferation, and inconsistent global pricing. However, the company's largest problem was the state of its brand. The iconic clothing company's image had been hijacked by so-called 'chavs', a kind of lower class ruffian. After several years of declining revenues, a new CEO, Angela Ahrendts, was brought in with a vision to digitally transform the company. She initiated a number of changes to the company across many elements of the digitization piano. For example, she made major changes to the business model, deciding to focus on millennials instead of the traditional mature consumer base. She also shifted the revenue focus of the company to Asia and other emerging markets. In order to make this shift, the company needed to initiate a dialogue with its customers in a different way, and hence it made a very significant move into social media. Burberry pursued a multi-technological approach, drawing on social media, analytics, and mobile solutions to achieve their goals. They also changed their organizational structure at the same time as recruiting younger employees. It is extremely difficult to achieve digital business transformation benefits by making single



5. Tactics Twitter -Twitter allows companies to promote products on an individual level. The use of a product can be explained in short messages that followers are more likely to read. These messages appear on followers' home pages. Messages can link to the product's website, Facebook profile, photos, videos, etc. This link provides followers the opportunity to spend more time interacting with the product online. This interaction can create a loyal connection between product and individual and can also lead to larger advertising opportunities. Twitter promotes a product in real-time and brings customers in.. SOCIAL MEDIA MARKETING TOOLS Besides research tools, there are many companies providing specialized platforms/tools for social media marketing, such as tools for: Social Media Monitoring ,Social Aggregation ,Social Book Marking, Tagging ,Social Analytics, Reporting, Automation, Blogging, Marketing and Validation

CONCLUSION

The importance of social media platforms have grown over the last few years

dramatically and companies should not ignore them or not being part of them. To be up-to-date on social media platforms is essential for the success of a company.

Nevertheless companies have to re-think how they will approach customer and via which channels. The shift from the company to the customer has started also in the area of communication, the market defines how the communication has to look like and the customer gains power on all communication levels. This new development means for companies that they do not only present their new products online but more important are building-up a relationship with potential customer in a very early phase of the product development,

Social platforms each have an ecosystem of their own. Creating a basic social media presence is easy enough, getting your community to actually do something is more difficult. Customizing messages across sites help the message spread but it keeps users from receiving multiple identical communications. Taking advantage of the strategies discussed can help you build your community, make your marketing more effective, and incentivize buying. Our research suggests that many firms underestimate the

dangers of digital disruption, and thus may not be sufficiently prepared for the negative consequences that have already befallen many firms in the technology, media, entertainment, retail and other sectors. Understanding the need for transformation leads to the question of which parts of the value chain that need to be transformed. We have divided the organizational value chain into 7 critical elements that are at the core of digital business transformation: the business model, the structure, the people, the processes, the IT capabilities, and offerings, and the engagement model. We have found that the chances of successful transformation are enhanced if an organization addresses more than one element at the same time. This combination response is appropriate to the threats of digital disruption that often come in multiple forms. Understanding the need to transform and having a good grasp of what must change are important, but the key to success lies in the implementation. While there is no one-size-fits-all roadmap for organizations across every sector, we found that a digital business agility capability is positively and significantly linked to both positive financial performance and the ability to respond to digital disruption. Digital business transformation is by no means easy to achieve; but for many firms, it is a competitive necessity. Digital disruption is spreading quickly across industries and many executives are unsure of the appropriate responses. The frameworks we propose in this research paper can help to guide the choices that decisionmaker must make to transform their organizations in the face of digital opportunities and threats. Digital solutions can support value chain players to work more closely together. Organizations can either shape and orchestrate an ecosystem themselves, and provide a significant number of products and services, or focus on a niche service that adds value to the customer experience and become part of an already existing ecosystem. Organizations that shape and orchestrate an ecosystem and introduce their standards into the industry value chain,

like Airbus and Walmart, tend to become dominant players in global markets.

To work effectively within an integrated ecosystem, employees need to work together in a new way, breaking down silos and collaborating across different departments. Geographically dispersed employees need collaboration tools to share documents, ideas, contacts, experiences and knowledge so that they avoid “reinventing the wheel” and provide the business with enhanced value. Corporate cultures also need to move toward a digital mindset; innovation should be rewarded, and additional digital expertise can be brought in to help employees embrace the digital world and acquire the necessary skills and knowledge.

Digital collaboration today stretches beyond the borders of the organization, with communities co-creating products or services, and customers providing opinions and suggestions for product improvement. Customers can influence product development, benefiting both themselves

and the business. Based on the fact discussed in research paper, organizations can develop their digital vision, design new digital business models and determine how to acquire the necessary digital skills and capabilities. Based on the industry and business case, the digital roadmap needs to outline which areas or opportunities should be brought to market first.

To avoid falling behind the competition, organizations need to rethink how they do business in the digital era, in which change happens at warp speed. Those that cannot keep up will lose business to competitors that respond rapidly. It is crucial, therefore, to develop an Integrated digital strategy and begin the digital transformation sooner rather than later

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IMPACT OF CUSTOMER VALUES ON PERSONAL COMPUTER PURCHASE: A STUDY ABOUT THE RURAL MARKET OF JALOUN DISTRICT UTTER PRADESH

Abstract

Rapid urbanisation of rural areas has compelled a large number of the population into the cities and because of this consumption pattern and living standard is also changing very drastically. Especially, after opening up of the economy, cashless transaction, the pace of change that India and its people are experiencing in their socio-cultural milieu is amazing. India, with its wide diversity, offers a fascinating scope to study the host of changes which developmental activities have brought about in its social & economical framework. Due to the advancement of IT in all areas, whether it may be urban or rural, the need of computers is constantly increasing. The purpose of the study is to make an analysis of computer purchase in rural regions catapulted by factors like customer values.

Keywords: Customer values, Consumer behaviour, Rural Market, Personal Computer.

Introduction

Proliferation of IT and fast urbanisation is the witness of rapid development of rural market. Due to advancement of IT and urbanisation, purchasing behaviour of rural customer is changing drastically. Purchasing behaviour is driven by complex Customer Values which have high influence on customer choice of the brands, products or distribution channels and the buying. (Valters K. 2010).

Computer is one of the largest untapped markets in the rural area of India so there is large number of opportunity available to the computer manufacturer. The determinants like values have a great impact on buying behaviour of rural people especially in India where different kind of culture and people live together. This study will help the computer manufacturing companies to make their strategies in the rural areas for being successful in rural market of Uttar Pradesh.

CUSTOMER VALUES

Customers are influenced by internal states and external factors that trigger their impulse purchase behaviour. Since impulse buyers do not set out with a specific goal to buy a certain product or visit a certain store, while browsing and being exposed to the stimuli,

impulse buyers feel the desire for the products by being aware of the products, and this desire can be created by internal statement/mood or/and external stimuli. The awareness of the products, which can satisfy the desire, can be achieved by attractive visual presentation of merchandise that provides information regarding new products, fashion trends, or coordination tips.

Consumer behaviour is the study of the processes involved when individuals or groups select, purchase, use, or dispose of products, services, ideas, or experiences to satisfy needs and desires. In the marketing context, the term 'consumer' refers not only to the act of purchase itself but also to patterns of aggregate buying which includes pre-purchase and post-purchase activities.

Computer is one of the largest untapped markets in the rural area of India so there is large number of opportunity available to the computer manufacturer. This study will help to the computer manufacturing companies to make their strategies in the rural areas for being successful in rural market of Uttar Pradesh.

CUSTOMERS' VALUES AS DETERMINANT FOR PURCHASING BEHAVIOUR

Values play an important role on the consumer behaviour thus serving as determinant for his/her decision making in a choice among brands, products or in any situation where it is difficult to choose the product. It is widely accepted that the choice criteria are based on individual's social values. Selection procedures are influenced by the criteria people have set for themselves to select and justify own and others actions (Schwartz, 1992).

CUSTOMER VALUE

According to Tapan K. Panda, "The total Customer Value, is the perceived monetary value of the bundle of economic, functional and psychological benefits that consumer expects from a given market offering". Customer's perceived value is the difference between the prospective customer's evaluation of all the benefits and all the costs of an offering and the available perceived alternatives.

Definitions of Values

Tapan K. Panda 2009 is the perceived monetary value of the bundle of economic,

functional and psychological benefits that consumers expect from a given market offering

Milton Rokeach 1979 an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence

Schwartz 1994 desirable trans-situational goals, varying in importance, that serve as guiding principles in the life of a person or other social entity

These set of values are classified as functional or utilitarian value, social value, emotional value, epistemic value and conditional value. These values are often found in the purchase of categories like food, grocery, computer peripherals, sporting events and games (Tapan K. Panda 2009).

The functional value of a consumer choice is the perceived functional, utilitarian or physical performance utility received from the choice (product)'s attributes. It is associated with economic utility theory, popularly expressed in terms of rational economic reason. At the heart of such a value definition, is the set of attributes like reliability, durability and price. When somebody purchases a bar of soap, he is buying it for the purpose of washing.

Difference in customer's preference, their cognitive structures and their motives cause them to behave differently when buying. Although an individual doesn't act the same way in all situations, people tend to act consistently, we may identify three groups of consumers by their buying behaviour.

The social value of a choice is the perceived utility acquired because of the associations between one or more specific social groups and consumer choice. A consumer's choice gains social value by being linked with positively or negatively stereotyped

demographic socio-economic and cultural-ethnic groups i.e. reference groups. Choices involving highly visible products like bicycles and food and services to be socially shared like gifts, products used in entertainment are often driven by social values.

The emotional value of a choice is the perceived utility acquired from its capacity to stimulate i.e. consumer's emotions or feelings. A choice acquires emotional value when associated with specific feelings or when it triggers or sustains those feelings. Products and services are frequently associated with emotional responses. What can be the emotional value associated with a detergent cake? It is definitely related to the health of the consumer's children and the protection that it provides to his/her family members.

The epistemic value of a choice is the perceived utility that comes from the choice's ability to foster curiosity: provide novelty and satisfy a desire for knowledge. New purchase and consumption experiences, especially, offer epistemic value. However, even a simple change like a shift from one ice cream flavour to another also provides the consumer with epistemic value. Since all new products provide some novelty, marketers should try to build some novelty around the product.

Conditional value of a choice is the perceived utility acquired by a choice as an outcome of some particular situation or circumstances facing the customer e.g. products associated with a particular time or event like coffee at breakfast. Some products have specific climate or location benefit like sunscreen lotions; some are associated with once-in-a-lifetime events like purchase of the first car. And some are used only in emergency situations like a dentist on a Sunday afternoon. Conditional value is served best when we associate.

CLASSIFICATION OF CUSTOMER VALUE.

The three central propositions behind this classification include the following:

1. Consumer choice is a function of a small number of consumption values.
2. Specific consumption values make differential contributions in any given choice of situations.
3. All the consumption values are independent of each other.

Values could be defined in several ways, for instance, in the economic context values are often referred as individual choices, preferences and tastes. Hereby author suggests that the choices or preferences are not values themselves however, they are the consequences of the application of individual values in a process of choice. Values are desirable trans-situational goals of variable importance applied as broader guiding principles by a person or social entity (Schwartz, 1992). They serve as criteria for judgment, preferences, choice and decisions as they underlie the knowledge, beliefs and attitudes (Rokeach, 1968). Basically, the purchasing behaviour of the customer reflects the actions which are based on a consequential relationship between his/her values and consequential wants and actions.

OBJECTIVES OF STUDY

1. To ascertain the impact of customer values on personal computer purchase in rural market.
2. To find the source of information for purchasing the Computer.

REVIEW OF LITERATURE

According to Milton Rokeach, value is defined as "a lasting conviction that a specific mode of demeanour or end-state of existence is individually or socially preferable to an opposite or communicate on mode of demeanour or end-state of existence" (Rokeach, 1968). Values are desirable trans-situational goals of variable importance

applied as broader guiding principles by a person or social unit (Schwartz, 1992). They serve as criteria for judgment, preferences, choice and decisions as they underlie the knowledge, beliefs and attitudes (Rokeach, 1968). Human values as determinants play an important role for consumer purchasing decisions (Allen, 2001). A notable shift in human values analysis was marked by (Schwartz 1992), he developed systematic theory of the content and organization of individuals' value systems called the Values Theory. This theory identifies the buying behaviour of individual and groups with comprehensive set of 10 different types of cross-cultural values, namely Benevolence, Universalism, Self-direction, Stimulation, Hedonism, Achievement, Power, Security, Conformity, and Tradition. Consumer segments with different value structures demonstrate different purchasing behaviour towards products with differentiated physical and non-physical attributes (Krystallis 2012), and Uttar Pradesh has different languages, food, customs and cultures across the Uttar Pradesh, PHD Research Bureau (2011). If the construct has to receive wider acknowledgment and generalisability, there is a need for studies on rural consumer values spanning over varied cultures and contexts in context of Personal Computer purchase. Values affect purchasing behaviour of consumers indirectly and supposed to be mediated by the beliefs which are stronger in making the decisions. Hence, on this variable, hypothesis has been formulated to determine the impact of customer values on purchase of computer for personal use:

H1: Values determinants will have a positive impact on the purchase of a Personal Computer in different culture scenario of rural Uttar Pradesh.

RESEARCH METHODOLOGY

For the purpose of the study rural consumer are asked to rate Personal Computer

determinant (Customer Values,) on 5 Point Likert Scale for Personal Computer.

SAMPLING PLAN

The study restricted to the rural market of Jaloun District.

Sampling Unit: For the research total 31 respondents were selected.

Sampling Techniques: For the study simple random sampling technique was used. In this sampling method, the data collected on convenience basis. The secondary data for this particular study were collected through journals, periodicals and other existing reports that were based on the subject.

The study depends mainly on the primary data collected through a well-framed and structured questionnaire to elicit the well-considered opinions of the respondents. Mostly, close-ended questions were asked to analyse the pre-determined objectives

Table 1: Model Summary

H01: There is no positive relationship between Values determinants and purchase of Personal Computer in rural Uttar Pradesh

Regression Statistics	
Multiple R	0.773665783
R Square	0.698558744
Adjusted R Square	0.539768737
Standard Error	0.938392679
Observations	31

ANOVA					
	df	SS	MS	F	Significance F
Regression	16	18.38155	1.148846622	1.30	0.311527408
Residual	14	12.32813	0.880580819		
Total	30	30.70968			

- a. Dependent Variable: Personal Computer Purchase.
- b. Predictors: (Constant), Customer values

From the model summary, it has been revealed that the positive association between personal computer purchase and customer value is .773 (Its large value indicates a strong relationship) since the significant value (p-value) 0.3 is greater than to 0.05. Therefore, we may reject the null hypothesis and conclude that there is significant association between personal computer purchase and customer values.

SOURCE OF INFORMATION

In this study, it is found that rural consumer get the information, Friends (65%), followed by Personal computers Retailer. (15%), TV (13) and News Paper (7) as sources of information to purchase personal computers.

CONCLUSION

Last few years has been witnessed of change in Indian consumer durable industry. Changing lifestyle, higher disposable income coupled with greater affordability. The paper intended to study the effect that customer values has positive consumer effect of buying behaviour of rural consumer.

The study has several limitations that future research can address.

First: Study is restricted to Jaloun District.

Second: This study does not focus on other products like FMCG and Agriculture.

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18 DEMONETIZATION IN INDIA AND ITS EFFECTUATIONS

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Abstract

In Monetary Policy, Demonetization is an established practice to tackle black money. Demonetization is a generation's memorable experience and it has become one of the economic events of our time. In the past, demonetization has taken place twice but it could not be success because the idea is to tackle the black money existing in circulation. Neither it has not tackled the corruption nor has the Government been stated to tackle 100% corruption. If announcement and time would have been given, this step might not have been successful in controlling black money and counterfeit currency in circulation coming from countries like Pakistan, Nepal etc. This research paper is an effort to spotlight a study on the effectuations of Demonetization in India. The term "demonetization" not only ruled the nation after demonetizing the high value currency but also listed out the features of the new currencies, merits and demerits of demonetizations. I have made an attempt to make a clear vision about it and its importance. The article not only suggests some tips to common people to manage the toughest period of demonetization but also give a clear picture of the demonetization alongwith the steps taken by our Government to reduce the trauma of common people.

Keywords: Demonetization and its Impact on Indian Economy, Liquidity, Inflation

Introduction

In India, demonetization is the hottest topic to discuss nowadays. Although the idea of demonetization is good but it should be remembered in mind that most of the black money is kept in the form of land, buildings or gold or kept abroad. Only 4% of the total amount of black money on which taxes are not being paid is constituted in cash. Out of this, a lot of money is in circulation in everyday transaction like if someone is building a house; the bill is not paid through banks for sand, bricks etc. This money goes into the other systems though it has been drawn from bank. These things will come under control with this step. Small farmers, sellers, merchants, daily wage labourers and traders were suffering because of lack of proper planning, intelligence and foresight such as recalibration of ATM machines. A huge no of 100 Rupee notes and other smaller denomination notes should be piled up in the market before taking this step. On nov 8 PM Modi said in his speech that this demonetization will have long term impact on our economy and will reap

benefits in protracted tenure as it takes on 3 impediments to growth i.e. corruption, black money and counterfeit currency. To explain demonetization 3way approach has been adopted i.e. what, why and how.

MEANING OF DEMONETIZATION

The Process of retiring and replacing the old unit of currency with new currency unit is called demonetization. Demonetization is ending something as no longer the legal tender of a country such as currency notes. According to Merriam Webster Dictionary: The term "demonetization" has its root word from verb "demonetize". It is a transitive verb which has various meanings as followed:

1. To stop using (a metal) as a monetary standard
2. To deprive of value for official payment

"Demonetization" was originated in French "demonetizer" de - + Latin Moneta coin and was first used in 19th Century, i.e. 1852. In

fact, Demonetization is not only the process of removing old currency from general usage or circulation but also an act of stripping a currency unit of its status as a legal tender. In other words, demonetization is killing of currency notes aimed at halting its circulation in an economy. This type of action was taken by Zimbabwe government to decapitate hyper inflation because at that time a person had to carry bundle of notes along with him to buy a loaf of bread. To counter such a situation Zimbabwe government decided to kill the currency. In the words of former finance minister P Chidambaram Indian demonetisation is Half Demonetization, because it is not exactly killing of currency. Technically, this move of government is only exchange of old currency notes with new currency notes. In Indian parlance it has been considered as a demonetization. But now the question arises why this type of demonetization was adopted and what was the need for demonetization?

WHY DEMONETIZATION?

During 2011-2016, the circulation of

all currency denominations i.e. Rs 5, 10, 50, 100, 1000 was increased by 40, circulation of Rs 500 has been increased by 76% and circulation of Rs 1000 was increased by 109% but our economy has grown by only 30 % which is perturbing. It shows a disproportionate increase of high denomination notes. According to the RBI on March 2016, the money in circulation was Rs 16,415 billion out of which 500 denomination notes was accounted for 47.8% and Rs 1000 notes accounts for 38.6 %. It is clear that Rs. 500 and 1000 notes accounts for more than 86% which has a clear cut indication of disproportionate increase of high denomination notes. Now, a question arises why only Rs 500 and 1000 currency was targeted? The answer is quiet dumbfounding. If we follow the statement of Financial Action Task Force, it may expound high value currency notes for worthless peril such as human trafficking, money laundering, racketeering, election campaign, capitation fees in colleges and institutions which fundamentally makes remarkable contribution towards black money due to conducting of all these perils in high denomination notes because it is easy to stack and carry. It may be explained with the help of following example:-

Five states like Punjab, Haryana, Uttar Pradesh etc. were to be held in 2017. During such tenure, some political personalities might buy votes from a certain section of society to get their patronage in elections. Let us assume there is a political party in Punjab name "X".

In this party there is a person, Mr. "Mahesh". Mr. Mahesh is passionate torment with power and wants to come into power by fair means or foul so he decided to buy votes from people by distributing Rs 5000 to each person. Now these 5000 would be paid in denominations of Rs 500 or 1000, it will accounts for black money due to being paid in high denominations and evading tax. This demo move of government was apocalyptic

to depredate all worthless perils which are being conducted in high denomination notes; in fact, it is the basic reason behind the multifold increase in the circulation of high denomination notes of Rs 500 and 1000.

OBJECTIVES

1. To explain the concept of demonetization in India.
2. To perceive the actual quantum of currency in circulation.
3. To perceive the conversion period of currency interchanging.
4. To examine the impact of black money and fake currency on Indian economy.
5. To Digitalize the Economy of India.
6. To pinpoint the people's impact on demonetization.

METHODOLOGY

The source of this paper is gleaned from a collection of articles by leading economists, frontlines of various national magazines and news papers tabloids, interviews from websites and television reportage etc.

NEED FOR THE STUDY

1. Due to accretion of the fake currency of Indian notes in higher denomination.
2. Due to manipulation of unaccounted money in form of corruption and illegal activities.
3. The Financial Action Task Force, a global body that glimpses at the criminal use of the international financial system, notes that high-value bills are used in money laundering schemes, racketeering, etc.,
4. The highest denomination note is essentially 50-100 times the smallest denomination note of one dollar or one pound.
5. In India, up until now the highest denomination note was Rs 1,000 and this was 1,000 times the smallest denomination note of Re 1 (Note: Re 1 notes are issued by the ministry of finance).

INFLUENCE OF DEMONETIZATION ON INDIA'S ECONOMY

Indian Government has demonetized the currency as a tool to fight against corruption and black money being the major problems in Indian economy. The present demonetizations have surely some effects on Indian economy. Some of the major effects of demonetization is being defined as under:-

Income Tax

As voluntary disclosure scheme was closed to disclose the undisclosed money, it was announced that government will have an adjacent watch on deposits over Rs 2 lakh in cash in various accounts. It was estimated to increase tax net, higher tax collection and a better tax to GDP ratio.

Outcome on Coequal Economy

A main objective of the demonetization was to fight against the black money in circulation in India. It was expected that this demonetization will block the black money within the economy because the owners of the black money (in the form of 500 and 1000 rupee notes) would not be able to replace it and deposit it in the banks due to the lack of proper document. Therefore, the coequal economy will affect to a greater extent and it was hoped that it will have the affirmative impact of demonetization.

Reduction in Interest rates

It was also believed that demonetization will also control high value transactions, especially land and gold, resulting in lower inflation, tempting the central bank to reduce interest rates.

Short Run Consequences on Money Supply

It was believed that money supply will be reduced in the market due to withdrawal of currency notes from circulation in the short run and the problem will be solved on circulation of new currency notes in large quantity in the market.

Goods and Service Tax

Demonetization was announced at an important tenure when the country heads to a new tax regime with the implementation of GST. It was guessed that demonetizations will increase the tax net on the one hand and GST will result in reduction of black money generation on the other hand.

Effect on Online Transactions & alternative modes of payment

It was supposed that there will be reduction in cash transactions and will seek alternative forms of payment. It will surely have substantial increase in demand of Digital transaction systems, E-wallets, mobile apps, UPI, net-banking, use of credit cards, debit cards online payments, usage of Plastic money etc. due to shortage of cash in hand.

GDP will short fall in the Short period

It was also assumed that GDP will be hurt due to the demonetization and may show a slight fall. The extent of fall will exist only for a short duration of time having a few affect on the growth of the Indian Economy.

Eradication of terrorism and Naxalism

It was also hoped that demonetization is a mighty blow on the unsocial affairs and will be able to control funding of unsocial affairs, smuggling etc. These unsocial activities have enfeebled the economy. Undoubtedly, It is an open secret that both terrorism and Naxalism run on knock-off notes coupled with black money.

Upshot on Other Units of the Economy

There will be short run impact of demonetization on agriculture, small traders, small vendors etc. because agriculturists are dealing with the perishable commodity, which have only one mode of payment i.e. cash transactions and lack of demand may affect the farmers negatively. The same situations may also be faced by the small traders as well as small vendors in short run.

ADVANTAGES OF

ADAPTATION OF DEMONETIZATION

1. Government will be able to demolish the black money permanently by taking follow up measurements.
2. Promoting Small vendors to use Apps and Card machines
3. Amplifying tax revenues, higher government capital expenditure
4. Divulging expenditure made by person to the tax authorities especially in large transaction
5. Uplifting the online payments,
6. Normalcy of Kashmir movement
7. "Digital India" initiated by our Prime Minister, Narendra Modi ji will be promoted and nation will certainly attain the aim of cashless economy.
8. Demonetization will not only check the use of black money for illegal activities like terrorism funding, gambling, money laundering but also reduce the inflation in the price of major assets classes like real estate, gold for a short period of time because it will take a lot of time to generate such huge black money again and hence in a way it will help in putting an end this circle of people doing illegal activities to earn black money and using that black money to do more illegal activities.
9. Criminal affairs such as bank robbery, chain snatching, theft activities etc will be reduced
10. People will disclose their income by depositing money in their bank accounts so that government will collect huge amount of tax revenue which may be used for the betterment of society by providing good infrastructure, hospitals, educational institutions, roads and many facilities for poor and needy sections of society by the Government.

DISADVANTAGES OR DEMERITS OF

DEMONETIZATION

1. It have been reported that several people have died due to standing in queues for hours to exchange their old banknotes.
2. Demonetization created scarcity of cash which led to chaos, and people holding old banknotes has faced difficulties to exchange them because there was endless lines outside banks and ATMs across India, which became a daily routine for millions of people waiting to deposit or exchange the ₹500 and ₹1000 banknotes since 9 November.
3. Demonetization has become almost useless because the printing cost of new currency units is more than the destructing the old currency units and the same have to be borne by the government.
4. After announcement of demonetization in India around 800,000 truck drivers were affected with scarcity of cash.
5. People in the country gets to know about it than initially for few days there is chaos and frenzy among public, it will lead to law and order problem.
6. Due to demonetization it was forecasted by Global analysts that GDP growth rate will slump down
7. Demonetization mainly targeted black money but if people have not kept their black money as cash and rotated or used that money in other asset classes like real estate, gold and so on then demonetization will not be able to capture corrupt people
8. Petrol bunks announced that debit and credit cards would not be accepted since one percent of transaction fee was charged by Banks. Later it was permitted without charging any transactional tax for filling Petrol / Diesel in bunks
9. The biggest disadvantage of demonetization is that once people in the country gets to know about it than initially for few days there is chaos

and frenzy among public as everybody wants to get rid of demonetized notes which in turn sometimes can lead to law and order problem and chaotic situation especially in banks and ATMs which are the only medium to change the old currency units to new currency units.

TIPS FOR SUBSISTING UP WITH DEMONETIZATION

1. First priority should be given to preserve cash by buying only essential things postpone the big expenditure like repair works because they also need cash to be paid.
2. People must try to use debit card as far as possible at the time of purchasing in super markets or for bill payments.
3. People must not only use cheques in place of cash but also use fund transfer to their bank account through net banking
4. If you receive daily heavy cash, you will need the PAN card no to deposit the same in bank account for more than 50,000/- per day.
5. Long travel particularly for holidays should be avoided for short period of time because it need most often cash.
6. It is said that something is better than nothing so people must deposit cash in bank accounts and pay tax because paying tax is better than losing whole
7. People should not try to help other people to turn their black money to white because such people will be answerable to the tax authorities for the source for such amount of money in future.

CONCLUSION

Demonetization of rupee will have prons and cons. It is like a head and tail. In order to control the black money, it is necessary for the country to take methodology through which this can be controlled by swapping as well as by changing the denomination.

Governance is a big part of the problem of corruption and black money. According to Dr.Y.V.Reddy former governor of RBI “black money could be a manifestation of a broader problem of lack of mechanisms for enforcement of contracts between private parties and between government and private parties or even between the agencies within the public sector. More generally, it is possible that generation, perpetuation and multiplication of black money are merely a reflection of inappropriate loss and undermining such loss by the public institution themselves. How far are the three wings of the governance – legislative, executive and judiciary responsible for black money is the question. Hence this ban on the stock of high value notes must be followed up with strict enforcement against all sources and facilitators of corruption. The demonetization will surly help to get long term advantages:

If the black money is reduced, taxes will definitely leapfrog.

Developmental activities would pick up remarkably due to enhancement of the tax revenue.

Government may decrease rates of taxes and may raise notably more revenue with lower rates of taxes.

Corruption will be minimized due to having no/little black money to pay inducement to government officials.

Dowry and other social practices like extortionate marriages will certainly be decreased due to white economy.

Illegal activities like murder, kidnapping, drug-paddling, prostitution, terrorism etc. will certainly be minimized because all these activities need black money.

The honest people would live life of much more respect as dishonest would no longer

be flourishing their wealth for long time to come.

So, the Central government’s recent decision to demonetize the high value currency is one of the major steps to suppress black money in India. The demonetization drive will affect only some extent to the general public, but for larger interest of the country so certainly the decisions are inevitable. Also it may not eliminate black money fully, but definitely it has major impact in eliminating black money to large extent.

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IMPACT OF DEMONETIZATION ON M-COMMERCE INDUSTRY

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Abstract

Demonetization has given the tremendous growth to m-commerce transactions in India a lot. Center government scrapping of Rs. 500 and Rs. 1000 currency notes is affecting the economy and money circulation, that decision seems to have positive impact on m-commerce industry. Mobile commerce refer to wireless electronic commerce used for conducting commerce or business through handy device like smart phone or tablet. As the competition in M-commerce is intensified, it becomes more important for online retailers to understand the antecedents of consumer acceptance of online. The current research study is an effort to understand impact of demonetization on m-commerce industry in India and discusses the future growth of cashless transection in India's m-commerce. The data carried out by secondary sources.

Keywords: M-commerce, Demonetization, online transaction.

Introduction

What is Demonetization?

Demonetization is the act of stripping a currency unit of its status as legal tender. Demonetization is necessary whenever there is a change of national currency. The old unit of currency must be retired and replaced with a new currency unit

In 2016, the Indian government decided to demonetize the 500- and 1000- rupee notes, the two biggest denomination notes. These notes accounted for 86% of the country's cash supply. The government's goal was to eradicate counterfeit currency, fight tax evasion, eliminate black money gotten from money laundering and terrorist financing activities, and promote a cashless economy. By making the larger denomination notes worthless, individuals and entities with huge sums of black money gotten from parallel cash systems were forced to convert the money at a bank which is by law required to acquire tax information from the entity. If the entity could not provide proof of making any tax payments on the cash, a tax penalty of 200% of the tax owed was imposed. Now lets us understand the m-commerce.

What is M-commerce? The phrase mobile

commerce was originally coined in 1997 by Kevin Duffey at the launch of the Global Mobile Commerce Forum, to mean "the delivery of electronic commerce capabilities directly into the consumer's hand, anywhere, via wireless technology." Many choose to think of Mobile Commerce as meaning "a retail outlet in your customer's pocket."

The Global Mobile Commerce Forum, which came to include over 100 organisations, had its fully minuted launch in London on 10 November 1997. Kevin Duffey was elected as the Executive Chairman at the first meeting in November 1997. The meeting was opened by Dr Mike Short, former chairman of the GSM Association, with the very first forecasts for mobile commerce from Kevin Duffey (Group Telecoms Director of Logica) and Tom Alexander (later CEO of Virgin Mobile and then of Orange). Over 100 companies joined the Forum within a year, many forming mobile commerce teams of their own, e.g. MasterCard and Motorola. Of these one hundred companies, the first two were Logica and Cellnet (which later became O2). Member organisations such as Nokia, Apple, Alcatel, and Vodafone began a series of trials and collaborations.

Mobile commerce services were first delivered in 1997, when the first two mobile-phone enabled Coca Cola vending machines were installed in the Helsinki area in Finland. The machines accepted payment via SMS text messages. This work evolved to several new mobile applications such as the first mobile phone-based banking service was launched in 1997 by Merita Bank of Finland, also using SMS. Finnair mobile check-in was also a major milestone, first introduced in 2001.

What is Retail?

Retail involves the process of selling consumer goods or services to customers through multiple channels of distribution to earn a profit. Demand is identified and then satisfied through a supply chain.

The Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10 per cent of the country's Gross Domestic Product (GDP) and around 8 per cent of the employment. India is the world's fifth-largest global destination in the retail space.

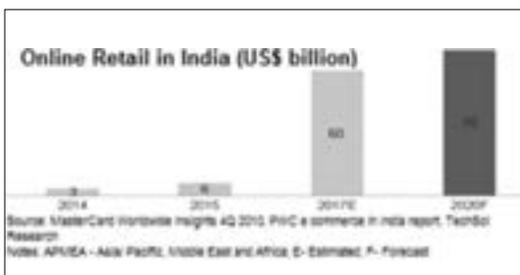
India's retail market is expected to nearly double to US\$ 1 trillion by 2020 from US\$

600 billion in 2015#, driven by income growth, urbanisation and attitudinal shifts. While the overall retail market is expected to grow at 12 per cent per annum, modern trade would expand twice as fast at 20 per cent per annum and traditional trade at 10 per cent.

India's Business to Business (B2B) e-commerce market is expected to reach US\$ 700 billion by 2020 whereas the Business to Consumer (B2C) e-commerce market is expected to reach US\$ 102 billion by 2020.## Online retail is expected to be at par with the physical stores in the next five years.

India is expected to become the world's fastest growing e-commerce market, driven by robust investment in the sector and rapid increase in the number of internet users. Various agencies have high expectations about growth of Indian e-commerce markets. Indian e-commerce sales are expected to reach US\$ 120 billion! by 2020 from US\$ 30 billion in FY2016. Further, India's e-commerce market is expected to reach US\$ 220 billion in terms of gross merchandise value (GMV) and 530 million shoppers by 2025, led by faster speeds on reliable telecom networks, faster adoption of online services and better variety as well as convenience.

India's direct selling industry is expected to reach a size of Rs 23,654 crore (US\$ 3.51 billion) by FY2019-20, as per a joint report by India Direct Selling Association (IDSA) and PHD.



Objective

The objective is this research to study the impacts of demonetization on mobile

commerce industry and find out the current situation of m-commerce payment industry and find out upcoming growth of cashless transaction in India's m-commerce.

Literature Review

Pousttchi et.al (2006) proposed a model addressing perceived usefulness, perceived ease of use, subjective security and task technology fit influencing m commerce acceptance. The results confirmed the findings from the task technology fit theory and technology acceptance model but rejected subjective security as a driver influencing m commerce.

Fong et.al (2008) conducted an experiment in china to understand the Chinese acceptance of the m commerce. His results suggested that the Chinese were not too eager to buy the m commerce story in spite of their agreeing to the convenience it offers.

Wei et.al (2008) conducted an experiment in Malaysia to uncover the m commerce adoption factors there. The results established that perceived usefulness, social influence and perceived cost were important determinants associated with consumer's intentions to use m commerce.

Yeh and Ming Li (2009) emphasized that trust was an important determinant in acceptance of m commerce and conducted a study including quality and satisfaction as a determinant towards building trust. The results showed that despite customization, brand image and satisfaction all directly affecting customer trust, it were customization and brand image which had a stronger direct effect on trust formation. This leads us to believe that trust is an important determinant towards acceptance of m commerce.

Danny Kao (2009) also emphasized that trust was an important determinant towards acceptance of m commerce and conducted a survey exploring if the transaction

trust which would significantly affect the intentions to adopt m commerce. The results emphasized that transaction trust does significantly impact customer's intention to adopt m commerce.

Studies for factors leading to acceptance of m commerce by the retailers across geographies and this motivated the researchers to conduct a similar experiment in India. As per the recent demonetization nice of Rs. 500 and 1000 notes Hence the some variables which can be considered for the retailers acceptance for the m-commerce

Research Methodology

Research types – This research is in qualitative in nature.

Data Collection- Secondary data is used for this study. The Data will obtained from different article, Internet and research papers.

An analysis of impact of Demonetization on m-commerce Business impact analysis

The banning of higher currency notes and introducing new currency notes might have a significant and long term impact on the economy. However sectors like Real estate, unorganized trade, commodities, agricultural sector & services might have a negative impact. With Liquidity crippling both NPA & working capital needs are most likely to go up

Small Businesses both in urban & rural areas will feel the heat as these are mostly run via cash transactions. Also with the rise in NPA banks will be averse to fund these businesses even for a short period of time. Businesses with cash transaction will now have to rely on funding from other sources and might end up paying a lot more.

Analysis on the following variables

I) Liquidity – The immediate impact will be on liquidity. Businesses dealing with large amount of cash can no longer use

- the currency to drive business.
- II) Loan Demand – To fill up the gap and run business smoothly the demand of loans or funding from bank and other financial institutions will increase.
- III) Loan Dis-approval – Businesses dealing with cash will have difficulty in getting funding as the Balance sheet will give a different story, making them unqualified for loans. Moreover Banks will be reluctant and extremely cautious as they would want to avoid NPA's.
- IV) High Cost – Even if one can avail funding through other institutions, the cost of lending will be much higher.

In this study let see the impact of demonetization on m-commerce since the announcement of demonetization , Paytm has been raking in money like never before. One of the biggest beneficiaries of demonetization has been Paytm as people have moved to cashless payments owing to cash crunch. Within 12 days, Paytm has witnessed over 7 million transactions worth Rs 120 crore a day.

The mobile wallet is now four months ahead of its target and crossed \$5 billion GMV sales .

Gross Merchandise Value (GMV), which is an industry term for estimating the total worth of goods sold through a digital platform, for Paytm was \$3 billion last year.

“Paytm is registering over 7 million transactions worth Rs 120 crore in a day as millions of consumers and merchants across the country try mobile payments on the Paytm payment platform for the first time,” said Sudhanshu Gupta, Vice President, Paytm.

Paytm has over 150 million mobile wallet users currently.

In the same time demonetization will boost

mobile wallet as Paytm has over 150 million mobile wallet users currently. Mobile wallets have changed that. While awareness has been low and the reach of the new fintech companies has mostly been in cities, a decision like this will make people look for them. Twitter is already full of anecdotal evidence of people's rising interest—how senior citizens, maids and hawkers asking about 'phone wala payment'.

Mobile based payments are invariably safer than plastic. India has the second largest mobile user base in the world and many are turning to smartphones. With data costs becoming cheaper, it is expected that India will turn to mobile-based money.

Another factor that will help the growth of mobile wallets is that it does not really require the receiver—the shops and establishments—to invest anything in infrastructure. India may just leapfrog the plastic payment regime. just leapfrog the plastic payment regime.

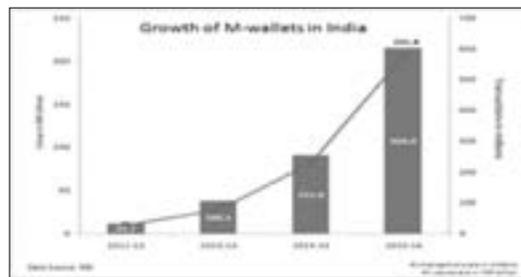


Figure 2

In the last four years, m-wallets have shown impressive growth, though on a slow-base. The payments have grown more than 20 times in value terms and more than 18 times in volume terms, meaning there has been an increase in average transaction value too.

Yet, m-wallets account for less than 0.1% of total payments in India. That will most likely change with this announcement. At present, even as the debate is on about how much will the decision be able to curb black money, few can question the positives that it will have on digital payment in general and mobile wallets in particular.

India is ready for cashless revolution

India is currently in the middle of an all out movement to modernize the way things are paid for. New bank accounts are being opened at a heightened rate, e-payment services are seeing rapid growth, cash-on-delivery in e-commerce has crashed, and digitally-focused sectors like the online grocery business have started booming.

“Even the vegetable vendors on the streets have opened up Paytm accounts and they have a machine outside their shop where someone can scan the bar code and make the payment,” Nangia explained.

“A lot more retail outlets are accepting e-wallets, including my laundry provider and my dabbawala,” Prasad proclaimed. “This is revolutionary, and survival of the fittest.”

Modi's demonetization initiative has been a boon for India's e-payment providers. Paytm reported a three-times surge in new users -- tacking on over 14 million new accounts in November alone. While Oxigen Wallet's daily average users increased by 167% since demonetization began.

“Ever since Prime Minister Narendra Modi's demonetization announcement, we have suddenly seen a spike in both app downloads & merchant registrations. This spike is now coming from all cities, big and small, pan-India, consisting of small merchants like vegetable vendors, Kirana shopkeepers [small convenience stores], street vendors, rickshaw drivers, taxi's etc., who've signed onto our Oxigen Wallet app for the merchant payments service,” said Pramod Saxena, the founder and CMD of Oxigen Services. Crypto currencies like Bitcoin and Asiadigicoin have also been the recipients of a positive upswing from Modi's currency purge — with Bitcoin in particular being driven up in value.

The lack of cash in the economy combined with the buzz around electronic payments

systems has also sparked some very innovative solutions. The farmers' markets of Telangana began experimenting with their own electronic payment system where customers with Aadhar-linked bank accounts could buy vegetables using tokens which could be purchased via debit cards at specialized kiosks.

"These changes indicate towards a more inclusive society in the future," Saxena said. He then outlined several areas in which India is trying to improve its digital economy, which include simpler, more technologically advanced digital payment systems, increased merchant acceptance, improvements in UPI, which allows monetary transfers between any two bank accounts via a smartphone, as well as a reduction in cash-based transactions..

Payment through mobile wallet small vendors and retailers like are accepting. Grocery shops and milk booths too have gone cashless. Mother Dairy booths are using digital payment services to avoid the hassle of providing loose change. Even parking facilities at tony malls are started accepting plastic money. Many small vendors has prominently displayed his phone number for customers to pay through ewallets. "I have nothing to hide, What I accepted in notes can now be paid online. All the more, I don't have to deal with hassles of loose change. I wish my wholesaler can accept the same way. He has flatly refused and I am looking for another." To beat the acute cash crush, even doctors are accepting consultation fee through mobile payment, though reports are mixed about their enthusiasm for such transactions. Many, therefore, gave consultations for the fee to be paid at a later

date when new currency notes would be readily available.

The demand is being fuelled by the fact that India is one of the fastest-growing markets for smartphones in the world and is expected to become the second largest market by next year, replacing the United States.

Conclusion

The future of M-Commerce is difficult to predict. There are various impact of demonetization on m-commerce like cash less transection started accepted by the small vendors and retailers. Indian is one of fastest market for the smart phone in the world. Demonetization is one essential factor which will significantly contribute to the boom of the growth of M-Commerce industry in India. digital transactions will happen at 10 times the current level. Demonetisation may serve as the catalyst. But cash will stubbornly resist wholesale digital disruption. The demonetiser's dilemma is a real one. Smoking out the underground economy — at least the parts not in gold or in offshore accounts — is commendable. Yet, a switch to digital in a digitally under-evolved country such as India is anything but digital — you cannot go directly from zero to one. It is bound to be a journey of many small increments. This journey should have been anticipated.

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DEMONETIZATION: WAY AHEAD FOR INDIAN ECONOMY

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Abstract

Government of India announced demonetization of one thousand and five hundred rupee notes on 8th November 2016 as a measure to control corruption. Suddenly there was dearth of cash in the market and queues started building up in front of banks and ATMs. Views started coming out from different agencies and thinkers about the step of demonetization. According to some thinkers the step is going to be a big failure as the economy will suffer because of sluggishness in demand. This paper shows the other side of the coin and on the basis of pre-established economic theories; it reveals that demonetization is going to benefit the economy in the long period if the flow of money would be towards economically weaker section of the society. The facts that have been given in the paper are based on certain assumptions. Later the paper also discusses the major challenges in the way to demonetization in the country.

Keywords: Demonetization, Money Supply, Demand, Currency, Corruption, Black Money

Introduction

Currency is accepted by the people of any country as medium of exchange. It includes notes and coins that are legal tender and people use currency in their day to day transactions. Currency makes buying and selling easy because of its unique features such as measurement of value and acceptability or liquidity. It is important to manage currency according to economic condition of any country to avoid high inflation or recession. There are various measures to manage quantity of currency and one such measure is demonetization. Demonetization is a state when the current currency does not remain legal tender and new currency takes its place. Recently on 8th Nov. 2016 India faced the demonetization of one thousand and five hundred rupees notes to curb black money and fake currency. Demonetization is not new in India. In the past also Government had demonetized ten thousand and one thousand rupee notes. The present paper is trying to find the way ahead for the Indian economy after demonetization. The paper links demonetization with different economic variables and measures the impact.

Demonetization Some Global Examples

Demonetization is not a new word in the history of Indian Economy. India has witnessed demonetization third time when Prime Minister Narendra Modi declared that five hundred and one thousand notes are no more legal tender on 8th November 2016 with the aim to curb corruption. India is not the only country that has tried demonetization as a weapon to war against black money and fake currency; there are some other countries of the world that have tried it earlier such as Russia, North Korea, Zaire, Myanmar, Ghana, Venezuela etc. In all these countries, the step of demonetization proved to be a failure and could not meet the objective mainly because of unrest among the people of the country. On the other hand, apart from these countries there are countries such as USA, Pakistan, and European Union etc. where it was successful as in these countries the timing of demonetization was appropriate and the idea was carried out nicely by the Governments of the respective countries.

In almost all the countries where demonetization failed, the people of the country were against the decision

and they started agitations. As a result either the Government rolled back or the system collapsed. This is where India has an advantage; people of the country are welcoming the step of demonetization and have shown great patience and enthusiasm in fight against corruption. People are opting cashless transactions as substitute of cash and are supporting the step of demonetization to a great extent. So India can expect better results from demonetization.

Objectives

The main objectives of this paper are:

- 1) To analyze the concept of demonetization in Indian context.
- 2) To analyze the expected short term and long term impact of demonetization.
- 3) To see the challenges in the way of successful demonetization in the country.

Concept of Money supply in India

Before going into the detail of impact of demonetization, it is important to understand the concept of money supply in our country. The four concepts of money supply that

prevails in our country are

M1

M1= Currency with public + Demand deposit in all banks (e.g. current account, savings account)
+ other deposits with RBI

M2

M2= M1 + Post office bank savings

M3

M3 = M1 + Time deposits with commercial banks (Fixed deposits, Recurring deposits).

M4

M4= M3 + Total post office deposits

Impact of Demonetization on the Indian Economy

There are many views regarding the impact of demonetization. Many thinkers give their views that the it will lead to shortage of money and will lead to recessionary trends in the economy. Some thinkers give their views that the demonetization will not be successful in its objective to curtail corruption. This paper highlights different aspects of demonetization and is trying to elaborate the best possible effects with the help of following framework.

Demonetization



The Impact of demonetization can be seen in two ways; short term impact and long term impact. In both the time periods demonetization affects the economic variables differently. Let us elaborate these

impacts in the two different time periods.

Short term impact

In the short period, the impacts can be categorized as stimulus impacts and deterrent impacts Deterrent effects

Thought the Government of India is trying hard to supply new notes in the market but it is clear that in the short term there would be less cash in hand and it seems that there is less money supply. Less cash in hand compels the people to buy less to less. The demand for goods and services will fall and it is difficult for the entrepreneurs to earn profit. Falling profit causes the investment to come down. Because of backward effect of multiplier, there will be less income generation in the economy. Low level of income generation again becomes the cause of less demand and this circle continues unless Government does pump priming or any other stimulus factor that pushes the economy out of this recessionary situation.

Stimulus effects

The above mentioned deterrent effects are only one side of the coin. The situation is that though cash in hand is less but money supply has not come down. It is evident from the M1, M2 concepts of money supply that includes the currency, bank deposits and deposits with the post offices in the money supply. The deposits are increasing with the banks and that leads to lowering interest rates. Banks will create credit and money supply will increase further as it is said that banks create money when they lend. In the discussions on demonetization, there is a consistent reference to the resultant increase in credit creation in the economy. Like Finance Minister Arun Jaitley says, “Bank deposits will increase and they will have more capacity to support the economy” (NIPFP). Low interest rates will be an incentive for the investors to invest more and with positive multiplier effect the income will increase and that will create demand for goods and services.

Deterrent and stimulus effects seem to be neutralizing each other and economy will run as usual after a specific time period.

Long term impact

The real benefit of demonetization can be seen in the long run as in the long term there is no deterrent effect but there is only stimulus impact. With demonetization, idle cash comes out which was not there in the circulation and it was in the form of black money. So there is more money in circulation and that increases the government revenue in terms of fines, penalties and taxes. One should witness a spurt in tax collections in indirect taxes as well as property tax in the month after demonetization. There is evidence already that property tax collections in some cities are higher than last year (NIPFP). On one side it decreases the fiscal deficit and on the other hand it leads to more expenditure on the developmental activities. Developmental expenditure turns the flow of money towards poor people and they have comparative more Marginal Propensity to Consume (MPC) that indicates high demand in long term. Less fiscal deficit causes few government borrowings both internal and external. There is less outflow of money and more money supply in the economy that generates demand, profit, investment and income. With rising economic variables the velocity of money also positively contributes in the stimulus factors.

The overall analysis of long period indicates that the demonetization will positively affect the economic variables and will strengthen the economy. The above analysis is based on certain preassumptions that are required for the proper working of economic variables depicted in the chart.

Assumptions

- 1) Idle money will come out with demonetization
- 2) The flow of accumulated money after demonetization will be towards the poor and middle class population

- 3) Developmental expenditure will be increased by the government.
- 4) Marginal Efficiency of Capital becomes attractive with the passage of time.

Challenges in the way of demonetization

- 1) Timely and sufficient supply of new currency is the major challenge for the government as there is sudden surge in the demand of new currency notes.
- 2) A large number of Indian population is illiterate and is not technology friendly. People are not aware of electronic mode of payments.
- 3) In many parts of the country infrastructure required to electronic payments is inadequate such as smart phone or mobile connectivity, electricity etc.
- 4) Many people do not consider electronic payments safe and convenient. They are very much familiar with the cash as medium of exchange as they have been using cash for many years for payment of goods and services they purchase. This is the reason that a major part of Indian consumers prefer to make and accept payments in cash only. Their switch to cashless economy requires a big behavioral change and that is a major challenge.

- 5) A major part of the black money is kept in the form of land, gold and is deposited with foreign banks, so demonetization will not affect directly a major part of black money accumulated in other forms than cash.
- 6) Another major challenge before Government is that how to pump the accumulated capital again in the economy and in which form so that poor and middle class people should get the major share of the benefits. If Government succeeds in this step, it will reduce the gap between rich and poor and development will take place.

Conclusion

We have been discussing and showing our concerns against the increasing black money in the country from many decades. Now Government has taken daring step of demonetization with the objective of curbing black money. The demonetization of eighty six percent of the currency in circulation is a historical step. The dearth of cash disturbed the life of a common man in the initial days of demonetization but situation improved with the every passing day. It is expected that the step will change the face of Indian economy as all the economic variables would move in the positive direction. In the long term the economy will show a better reaction of the step of demonetization as

idle cash has come in circulation that has been accumulated in the form of black money. Moreover Government fiscal deficit will decrease and some economic relief are expected for the common man in the near future. Further, the economy is moving towards cashless transactions and that will be a great stimulus factor and indicator of economic development.

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