A Theoretical Review on the Status and Trend of Exports (Goods and Services) and Investments (Foreign and Domestic) in Assam and North-East India and their Untapped Impact on the Economic Growth of the Region: The Story so far

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ABSTRACT: A number of studies reveal that export expansion is widely regarded as a means to attain higher rate of economic growth. In a dynamic setting, trade usually enhances technological up-gradation, higher rates of productivity, attracts inward investment and facilitates economic growth. One of the most viable development strategies for a country’s economic success is to find its own niche in the global marketplace, which means to be able to tap the demands of the world economy. Many developing countries have been trying to overcome a dismal economic situation by promoting international trade. In these efforts, exports have been viewed as an ‘engine’ of economic growth. With the emergence of the World Trade Organization, the institutional framework for freer multilateral movement of goods and services has been strengthened. Although the Indian Economy has been benefited from the time new economic reforms were initiated since 1991, North-Eastern Region still remains to be far from the purview of India’s rapid development. With its geographical remoteness, inherent deficiency in infrastructure and the bad publicity for recurrent ethnic strife and militant activities, the region obviously could not become an attractive destination for private and foreign capital investment. But in this period of globalization, where closer cross-border economic ties are being speeding up in many parts of the world, border trade has come to be looked upon with a lot of expectation in this region to break free from the shackles of geographic remoteness. Given the natural and human resource potential of Assam, the need for higher growth has recently been felt by various sections of the people as well as the State and Central Governments.

Keywords: ASEAN; Investments; Trade; Exports; Merchandize; Connectivity; FDI; Private Investments; Economic Growth.

1. INTRODUCTION

As it would appear, a significant part of the literature deals with issues relating to economic backwardness of Assam. A number of studies reveal that export expansion is widely regarded as a means to attain higher rate of economic growth. The starting point of the discussion, over the relationship between a region’s economic performance and its exports, can be traced back to the founding fathers of modern economic thought. Classical economists Adam Smith and David Ricardo emphasized the importance of international trade in a region’s economic growth. They argued that a country could benefit considerably if it specialized in a certain commodity and then exported it to the foreign countries that lacked that commodity (Smith, 1776; and Ricardo, 1817).

In a dynamic setting, trade usually enhances technological advancement, higher productivity, attracts investment and facilitates economic growth. With the emergence of the World Trade Organization, the institutional framework for freer multilateral movement of goods and
services has been strengthened. But as has been addressed, (M. P. Bezbaruah, 2006) Assam, and more importantly, North-Eastern Region, is one of the pockets that do not seem to have profited in the changed economic environment. In the strong state controlled economic regime of pre-liberalised India, the region has not fared very well. Although the Indian Economy has been benefited from the time new economic reforms were initiated since 1991, North-Eastern Region still remains to be far from the purview of India’s rapid development. With its geographical remoteness, inherent deficiency in infrastructure and the bad publicity for recurrent ethnic strife and militant activities, the region obviously could not become an attractive destination for private and foreign capital investment. But in this period of globalization, where closer cross-border economic ties are being speeding up in many parts of the world, border trade has come to be looked upon with a lot of expectation in this region to break free from the shackles of geographic remoteness.

The trend in international relations has shifted the focus from high military activities to low politics of economic and humanitarian activities in the post cold war era. Today, in the pace of globalization every bilateral and multilateral interaction arrests more space in co-operating in trade and commerce, economy and humanitarian areas. This change is overruling the preoccupation of high politics leading the world into a stage of increased interests in mutual interdependence. No state can stay in isolation in this stage of emerging inter-state regional cooperation (Akshay Jyoti Sarma, 2011). The NAFTA in North-America, European Union in Europe, ASEAN in Asia, African union in Africa and SAARC in South Asia, etc. are some transnational regionalism with varying degree of cooperation and integration formed beyond the border of a nation state to realize the pace of globalization and multi-lateral co-operation. In all these cases, economic prospects and trade considerations along with historical and socio-political affinity are vital in defining the regional identity but the level of success in the process of cooperation and integration is depended upon domestic circumstances of the participating states (Baruah, 2005).

The India-ASEAN relations could be seen as a geo-political reality of economic activities. India’s relations with South East Asia have grown over the years and especially in the recent two decade. The end of cold war augured well for India to start a new chapter in the chequered history of its relations with South-East Asia (Chetty, 2003). Relations with the countries of South-East Asia, East Asia and the Pacific constitute an important dimension of India’s “Look East Policy”, initiated in 1991 to qualitatively enhance the synergetic and progressive linkages with the dynamic East and South-East Asian region (MEA annual report 2010-2011). During the last two decades and particularly after inception of India’s Look East Policy (LEP), one could observe the dynamics of the India-ASEAN relationship. The first and foremost of that was granting Sectoral Dialogue Partner status to India in 1992 in Trade, Investment and tourism. Since then there were a number of milestones of the India-ASEAN relations (ASEAN and India – Shared Vision, 2009). The Framework Agreement for Comprehensive Economic Cooperation was signed in 2005 and this instrument has a tremendous role in advancing the further economic cooperation with ASEAN. Under this, free trade in goods, services, investments are facilitated.

The North East India (NEI), one of the areas with great potentialities remains backward for lack of visionary initiatives of political leadership in the post- independent India. NEI is often recognized for its rich cultural and ethnic diversities and that makes the region a showcase of rich cultural diversities. The rich but untapped natural resources including its beautiful landscapes are acclaimed attraction of the region. The peripheral and landlocked Northeast region is stereotypically put outside the purview of mainland India’s rapid development. The inception of LEP and subsequent engagements with South-East Asia has brought the NEI into the forefront of the country’s policy circle (Agenda for Assam and the North-East – Issues and Trends, 2008).
NEI, being the only point of surface connectivity with SEA enjoys a geo-strategic significance in India’s foreign policy. But from the perspective of development, NEI has been nothing more than a transit route between mainland India and SEA nations. This region has not been able to reap the benefits through increase in export base even after sharing 98% of International border with 5 nations.

Assam is the largest state among the seven sisters in the NER of India. The per-capita income of Assam was a little higher than the all-India level in the early 1950s. It has not grown as fast as the per capita income in India since then and consequently slipped down to remain substantially lower than the national average in recent decades. Further, the gap between the state’s average level of living and that of the national average has been increasing in recent years. The social, economic, and political environments are considered to be the major decelerators in the slow growth process of Assam. Given the natural and human resource potential of Assam, the need for higher growth has recently been felt by various sections of the people as well as the State and Central Governments (Report- Planning Commission, Strategy for Assam’s Development, 2002).

2. REVIEW OF LITERATURE

From this part onwards, we will revisit the prospects and challenges present within the purview of NEI, growing ties between India and South-East Asia, extent of trade from the region of NEI and specifically Assam and the scope of achievements in this regard in the field of International Trade and Investments (domestic and foreign).

Some of the areas that have been covered under this section for review are:

2.1 Economic Co-operation between India and ASEAN (Association of South-East Asian Nations) and the role of North-Eastern States of India: Current Status, Future Prospects and Transport Connectivity

Assam is clearly the gateway to the North East, neighboring Myanmar, China, Bangladesh, Nepal & Bhutan making it positively viable for trade with ASEAN countries.

One of the most viable development strategies for a country’s economic success is to find its own niche in the global marketplace, which means to be able to tap the demands of the world economy. Many developing countries have been trying to overcome a dismal economic situation by promoting international trade. In these efforts, exports have been viewed as an ‘engine’ of economic growth. With conspicuous imbalance in the distribution of wealth between varied nations, Fumitaka Furuoka (2009), in his paper, tried to answer an important question as to how can poor nations break free from the ‘vicious circle’ of poverty and boost the much needed economic growth and development. This study empirically analyses the relationship between exports and economic growth in five selected ASEAN countries, namely Malaysia, Indonesia, Thailand, the Philippines and Singapore. The one-way fixed effects model lead to the conclusion that there exists a significant positive relationship between the size of the national income and the volume of exports. This implies that with an increase in export earnings, the size of GDP in these five ASEAN countries have also been expanding. Findings of the research encouraged a closer look at other factors that may influence the pace of economic growth in ASEAN countries.

Following the initialization of the economic reforms in India in 1991, with regards to liberalization booming up at that point of time, there has been a rapid involvement of Indian companies abroad. The scope and density of economic relations between India and ASEAN countries had been rapidly rising since then in merchandize trade, trade in services, investments, tourism etc. A number of studies have been taken up over the years to analyze the current status of
trade relations between these nations. A broad study taken up on assessing the current status and future prospects between these nations was taken up by Rahul Sen, Mukul G. Asher and Ramkishen S. Rajan, (2006). This paper had analysed recent trends in merchandise trade, services, investments and manpower flows between India and ASEAN and tried to have an access for future prospects for economic cooperation. The analysis in the paper was consistent with the view that India’s economic structure is largely complementary to ASEAN economies, and therefore there are significant opportunities for mutual gain. The first section of the paper reviewed the existing economic relations between India and ASEAN in merchandise trade, trade in services, investments, tourism and manpower flows. In terms of merchandise trade relations, it was observed that exports to ASEAN had more than tripled from US$ 1.0 billion in 1991-92 to US$ 3.4 billion in 2001-02. Singapore was witnessed to be one of the largest markets in ASEAN for India’s merchandise exports, followed by Malaysia, Thailand, Indonesia, and the Philippines. But alarmingly, it was found that India’s imports from ASEAN had outpaced those of its exports, resulting in trade deficit and balance of trade going in favour of ASEAN. A study undertaken in this area indicated that pharmaceuticals, metal scraps, leather goods, textiles, machinery and electronic components and gem and jewellery are among the product areas with clear potential for future merchandise trade expansion between ASEAN and India. Although trade in services is still considered to be rather negligible, this paper tried to analyse some of the areas where trade in services was rather promising between India and ASEAN countries like in the field of ICT (Information and Communication technology), Tourism, outsourcing, etc.

In continuation with the above study, complementarities and areas for mutual economic partnership in trade and investment relations was also considered. The study in this area indicated that Indonesia was considered to be India’s second largest export market in ASEAN. In terms of trade exchanges, both countries appeared to have complemented each other although bilateral trade tended to be in Indonesia’s favour. Similarly it was found that bilateral trade between India and Malaysia was heavily in favour of Malaysia. The pattern of trade flow between the two countries suggested lot of rooms for further trade expansion (Fatimah Mohd. Arshad, 2006). The above study suggested that ASEAN and Indian economies complement each other more than they compete. India’s asset for ASEAN countries includes its large diversifies and liberalized economy, reservoir of manpower and scientific talent, natural resources, industrial base and one of the largest rapidly growing markets. An FTA between ASEAN and India has been found to be a bridge for trade and investment.

Another study in the related field utilises the international parity conditions to analyse the current level of economic integration between India and the ASEAN-5. The analysis indicates that India and the ASEAN-5 have linkages with respect to goods and services markets, but not in financial market. Therefore, the beneficial impact on financial market will be greater than on the goods and services markets when future liberalization measures like FTA between India and ASEAN are implemented. The results of the analysis also suggest that India and ASEAN-5 are relatively linked by the flow of goods and services. This suggests that the two regions could further deepen their partnerships in FTA, both in goods and services markets and financial market with their main aims of FTA to exploit the complementarities and synergies in factor endowments, economic structure and skills and capabilities in diverse areas, including trade and investment, infrastructure development, science and technology and tourism for an optimal mutual benefit. Only then India could move forward on its way to becoming a trillion dollar economy (Lee, Lee and Liew, 2007).

With greater focus on the post-Cold War era, this article (Naidu, 2010) broadly examines various dimensions of India- South-east Asia relations. Besides providing a brief backdrop, it elucidates the genesis of the ‘Look East Policy’ and locates in the new, post-cold war foreign framework while touching upon the contours of this policy as it evolved over the years. Naidu, in his
article tried to bring to our notice that poor economic bonds continue to be India’s weakest link with a region whose defining feature is economic dynamism. He supported his article by showing the growth of India-ASEAN bilateral trade in the past decade or so. Although India proposed the India-ASEAN Framework Agreement on Comprehensive Economic Cooperation (IAFACEC) in 2003, it took nearly six years of arduous talks to conclude the trade in goods agreement. However, it is expected that India will reap major benefits from agreements on services and investments. The Trade in Goods part have become operational since January 2010, and the services and investments segments are being negotiated. The immediate upside of IAFACEC is likely increase in trade from US$44 billion in 2010 to US$55 billion in 2011. Yet, there is no denying the fact at present that whereas ASEAN’s share in India’s total trade is 9.54% in 2010, that of India’s in ASEAN is about 2.5%. Similarly, the two-way foreign direct investment barely reached $3 billion as compared to $10 billion between China and ASEAN. Kondapalli (2010) too traces India’s growing profile with this region in economic, technological, diplomatic, political and military spheres. Another aspect that is overwhelming is India and a majority of the East Asian countries are into trade and investment. The current phase of globalization has witnessed an expansion in trade between these countries. But on the whole, India’s trade comprises of raw materials exports to the East Asian region and more often ends up in an unfavourable balance of payments problem.

The process of economic integration has many dimensions to it. As different sub-regions of the continent pursue a distinct course of economic integration within, they simultaneously enter into economic arrangements across sub-regions. Batra (2010) undertook an evaluation of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Co-operation (BIMSTEC), an inter-sub-regional organization, for its ability to act as a bridge between South and South-East Asia. The analysis in this article shows that the BIMSTEC has performed well below expectations. As a regional trade arrangement, the BIMSTEC was designed with the aim of achieving a relatively deeper level of economic integration among the member economies. The study also showed that the performance of the BIMSTEC has not been effective to take the regional economic integration among the member countries to a higher level. Access to a larger market through the trade bloc has not done much good to increasing trade or investment flows for the smaller member economies.

Rupa Chandra (2007) presents the Indian case of liberalization of trade in services, an area which still remains to be unexplored. She shows that the services sector has played an important role in India’s recent growth process and its integration with world markets. The growth in the services sector has been accompanied by a rapid growth in India’s trade and investment flows in services. Consequently, India has managed to increase its exports in the services sector to 2.3% by 2005. It is also observed that the composition of exportable services has shifted from traditional services to miscellaneous services. It has been perceived from the study that India could achieve a win-win situation from regional and bilateral frameworks covering services, as it can attain progress on difficult issues such as movement of natural persons, recognition, and labour market tests, while also facilitating investment flows into India in important services to further its own growth and efficiency objectives. In this regard, the trade and investment potential in services still remains largely untapped within the South Asian region.

But all these studies indicated that connectivity between these nations had been a major setback for robust growth in trade and investment between these countries. The major trading route between India and the ASEAN countries is the North-Eastern part of India. A report on Transport Connectivity and economic Opportunities- South and South East Asia (2006) suggested that the transport integration among countries around NE India is totally out of step with the global trend towards regionalism. The countries concerned have to make a decisive departure from the present situation in order to be fully integrated into the on-going globalization process. It further suggested
the countries under consideration to address the issue as it stands the risk of foregoing many of the economic opportunities that the process of globalization can provide. **Arnold (2006)** said that a basic strategy for expanding trade is through diversification in the range of products offered in the markets served. The former is generally accomplished through value addition and evolution of the existing exports rather than creating new products with new markets. He supplemented his words by saying value addition includes:

- Moving up the supply chain by improving quality of existing products through better management and production technology or by providing additional processing.
- Producing related products requiring similar inputs or production technology.

Diversification on the other hand includes entering new countries and expanding the coverage in countries already served. He concluded his study by summarizing that trade competitiveness is associated with trade facilitation and reducing the time and cost for processing of imports and export shipments and The NER has so far not enhanced its comparative and competitive advantages through improvements in logistics and supply chains.

**2.2 Importance of gaining Comparative Advantage for countries in International Trade: Some evidences through the use of Revealed Comparative Advantage**

The importance of Comparative advantage dates back from the time of Adam Smith and David Ricardo, who said that a country can benefit from International Trade if if it specialized in a certain commodity and then exported it to the foreign countries that lacked that commodity, which they termed it as comparative advantage.

With more and more countries moving from protectionism to liberalization of trade barriers, has greatly paved the way for fostering productivity gains, thereby helping nations across the globe to restructure its economy towards gaining its comparative advantage. In this quest, India has taken up a number of policy initiatives to improve its trade potential to revive its economy and superimpose more exposure for its goods in the foreign market. Notable among these was the effort of Liberalization Policy that it undertook way back since 1991. It is therefore obvious that trade liberalization in India would have led to changes in the composition of exports so as to reflect India’s comparative advantage in the global economy. A country’s comparative advantage is influenced by a wide range of factors like its factor endowments, production, GDP, consumption and increased trade integration with countries.

Much empirical research on trade has been devoted to testing theories of comparative advantage. A majority of these studies use data on export shares. **Balassa (1965)** has undertaken an analysis of the pattern of comparative advantage of industrial countries for the period 1953 to 1971. He uses the RCA index in conjunction with the changes in the pattern of export structures to identify inefficiencies in trade pattern for countries. A study was made by **Nowak, Vollmer and Martinez (1998)** to prove whether comparative advantage makes countries competitive or not. The results reflected that low-cost countries do gain a comparative advantage at least in some export sectors like textiles, furniture, beverages. **Moenius (2006)** derived and compared several measures of comparative advantage using a Ricardian model of trade. The results were used to construct a measure of relative export performance based on Balassa’s index of RCA which was further decomposed into their respective comparative advantage and relative trade cost components. The indices obtained from the decomposition of the Balassa Index demonstrated that both comparative advantage and costs of trade are affected by remoteness.
Another study made by Utkulu and Seymen (2004) analyzed the competitiveness and the pattern of trade flows/trade specialization from Turkey to the EU on sectoral levels. The research was mainly based on different measures of Revealed Comparative Advantage (RCA) measures (in addition to simple Balassa Index). Accordingly, alternative RCA indices were calculated. The stability of different measures of RCA was also tested.

Aulakh, Masaki, Hildy (2011) developed a framework for export strategies of firms from emerging economies and their performance in foreign markets. Hypotheses derived from this framework were tested on a sample of firms from Brazil, Chile, and Mexico. Findings suggested that cost-based strategies enhanced export performance in developed country markets and differentiation strategies enhance performance in other developing countries. Adapting marketing mix variables to the specific needs of developed countries also enhances export performance.

Smit (2010) in his article tried to clarify the meaning of international competitiveness at the country level within in the context of Porter’s (1990) thesis that countries, like companies, compete in international markets for their fair share of the world markets. At a country level, there are two schools of thought on country competitiveness: the economic school, which rejects Porter’s notion of country competitiveness, and the management school, which supports the notion of competitiveness at a country level. This article reviewed and contrasted the theories pertaining to these two schools of thought with specific reference to trade theories and the ‘theory’ of the competitive advantage of nations originally advanced by Porter. Braunerhjelm and Thulin (1999) analyzed how increased R&D expenditures and market size influence the distribution of comparative advantage. The study shows how an increase in R&D-expenditures by one percentage point implies a three-percentage point increase in high-technology exports, whereas market size fails to attain significance.

Yeats (1997) studies the possible distortions in trade patterns on account of discriminatory trade barriers that are characteristic of the RTAs. He uses the index of revealed comparative advantage in conjunction with the changes in the regional orientation of exports to identify any apparent in-efficiencies in trade patterns for the Mercusor group of countries. Richardson and Zhang (1999) have used the Balassa index of RCA for the U.S to analyze the patterns of variation across time, sectors and regions. They find the patterns to differ across different parts of the world, over time as also for different levels of aggregation of the export data. Differentials are accounted for by factors like geographical proximity of trading partners and per capita income with the extent of influence of these factors varying over time and across sectors/sub sectors. Yue (2001) uses the RCA index to demonstrate the fact that China has changed its export pattern to coincide with its comparative advantage and that there are distinct differences in export patterns between the coastal regions and the interiors in China. Bender and Li (2002) examine the structural performance and shift of exports and revealed comparative advantage of the East Asian and Latin American regions over the period 1981-1997. It examines, if there is a relation between changes in export pattern among different regions and shifts in comparative advantage between regions.

2.3 Status and Trend of Exports (Merchandise and Services), Infrastructure and Investments (Domestic and Foreign) in NEI specifically Assam: The story so far

In recent years, India has also realized that the South East Asian countries can also play a pivotal role in developing her North Eastern Region, which has fallen far behind the rest of the country in terms of economic growth and overall development, since independence. In this context India has been quite active in her attempts to engage the NER (North Eastern Region) and the South East Asian countries (Das, 2010).
Sarma (2011), in his study, tried to bring to our notice the various areas of strengths of NE region. Despite all the strengths of the region, it has been seen that it is lagging behind the rest of the country and even decelerating. In 1999-2000, only Mizoram among the NE states had real per capita income a little above the all-India average per capita income (1.3%). He suggested a new paradigm of development perspective. One relates to overemphasis on security/strategic considerations rather than a development perspective in development efforts. The other relates to minimum intervention in the traditional systems. For putting this development perspective into operation, he suggests that immediate priority should be to build the required infrastructure right up to the border area, establishing connectivity and communication links to the cross-border points through which trade and economic exchanges with the countries neighbouring the North-east region are proposed to be promoted under the Look East Policy. The internal economic integration of the NER will serve as enabling conditions for augmenting the gains from trade and economic exchanges with the countries neighbouring the NER that are proposed to be promoted under the Look East policy. It is because a unified market provides a large market access and thus facilitates the gains of scale economies. That will in turn enable each of the states to specialise in economic activities according to their respective comparative advantage. Concrete steps for internal market integration of the region as a follow-up would serve as a first step toward a resurgent North-East India.

A report released by IIFT (Ministry of Commerce/Govt. of India, 2008) on Agricultural and Industrial Development of the NER showcases the various agricultural and industrial potential of NE states. Notable among these is the findings it made on Assam. Among all other states, Assam is most strategically situated close to India’s international borders with as many as four countries, i.e., China, Myanmar, Bhutan and Bangladesh. Assam has been a predominantly an agricultural state with about 74% of the state’s workforce engaged in agricultural and allied activities. Tea industry occupies an important place in the State’s economy. Other agricultural and horticultural products produced in this area are rice, jute, cotton, oil seeds, sugarcane, potato, orange, banana, pineapple, coconut, mango, and jack-fruit. The state has rich potential of agricultural resources and offers enormous scope for development apart from the traditional items. The potential is particularly sizeable in horticulture, live stock farming, pisciculture, and floriculture. The study confirmed that the industrial scenario of the state is expected to get further fillip in the future with the completion of some major ongoing projects in various parts of the state. It also found that there are 25,000 small-scale and tiny sector registered units in the state. But 45% of these units have been found to be either closed or untraceable in the recent past. The state also has vast reserves of crude oil. After tea and petroleum industry, plywood industry is also slowly gaining momentum. Production of other minerals items like coal, industrial gas and limestone is also increasing. The state has tremendous potential for exporting various products manufactured locally to the East and South East Asian countries due to its strategic location. Some of the factors that have been found which is inhibiting the industrial development in the state are:

- Poor purchasing power of the people compressing the size of domestic demand.
- Lack of infrastructural support like land, power, transport, communication etc.
- Lack of local entrepreneurship and skilled labour.
- Low saving rate and the banking system reluctant to provide the much needed capital to the first generation entrepreneurs.
- Inadequate support from the Govt.
- Lack of proper investment climate.

The report further envisaged some indicative areas for development of Industries, Exports and Opportunities for Investment. Those identified areas are: natural gas based projects, granite based projects, fruits and vegetable processing, banana puree processing, mushroom cultivation, papaya processing, spice oils, aquaculture projects, silk based projects, electronics and software,
tourism, petroleum based products, ceramic based projects, meat and poultry processing, medicinal plants and herbs based units, diversified jute products, agro-machinery and tea packaging.

Bruner and Cali (2006) in their study, emphasized on giving importance to trade promotion and trade facilitation to break the shackles of economic backwardness of a region. In this regard, they said that “these efforts are particularly crucial to enable the least developed economies or regions, such as Nepal and NER, to garner gains of trade from closer integration into the world trading system”. The key findings of the study suggested that:

- India is rapidly putting in place a supportive trade policy regime with the intent of doubling the country’s share of world exports to around 2% of the total and beyond.
- India’s leadership, including the Prime Minister, envisage the NER as a key platform to leverage economic relations with Nepal, Bhutan, Bangladesh, China and Southeast Asia; a component of the framework is the Look East policy.
- Despite recent rapid growth of over 20% or more per year, India’s export mix has not changed very much and is still reliant on few natural resources and labour intensive products; an implication that NER is well-positioned to join other comparatively isolated regions of the country in the second wave of globalization.
- State and product-level data show that there is no dynamism in the industrial structures of the NER than is commonly believed.
- The NER’s landlocked economy and fragmented terrain create substantial barriers to domestic and international commerce. In addition, modern, financial, commercial and corporate institutions are poorly developed, adding further to transactions costs.
- The region’s location between three giant economies China, South-East Asia and mainland India means that NES can be characterised as ‘entrepot’ economy.
- The study further attempted to locate the hubs of formal activities in the Eight Sister states. This offers the starting point for the mapping of trade linkages from the hubs of productive activity to the markets in which their latent comparative advantage can be realised.
- An attempt had also been made to analyse the export potential of small-scale industries.
- He further found that in value terms, nearly three-fourths of the total exports are from unregistered enterprises, which underlines their significant export potential. The states of Assam and Nagaland together account for about 96% of the total exports from the NER and 98% of the exports made by the SSIs.
- Finally he infers that the growth of SSI would have high importance in designing a strategy to connect the region with the global market. Export gains and rising market shares can only be built on a solid foundation of efficiency, productivity and competitiveness.

Another research (Adikary, Bora and Sikidar, pg-156-200, 2009) was undertaken to find out the potentialities of trade in NEI. As has been quoted in their study, “NEI is a very significant part of the country as far as trading is concerned. Owing to its richness in tea, coal, limestone and other mineral, agricultural and allied products and forest resources, the region has natural trading advantages. There is a wide scope of generating economic activities through the interaction of exports with its trading partners. In the recent past, there is a renewed focus on trade in view of the need to forge closer commercial and economic links with larger markets in the fast developing South East Asian economies”. The study found that the share of NEI in India’s total export in the category of mineral products is the highest followed by agricultural and allied activities. However, the share of mineral products decreased gradually. The importance of export trade for the economic development of NEI has made imperative to ascertain the comparative advantage of NEI’s export trade. The study used measures like RCA (Revealed Comparative Advantage) and RSCA (Revealed Symmetric Comparative Advantage) to help assess the region’s export potential. The results
indicated that NEI has been quite competitive in exporting materials as RCA values hovered around 8.9% to 16.7% from 1991-92 to 2004-05 and RSCAs were close to 1. Similarly, in case of agricultural and allied products, NEI showed comparative advantage in exporting as revealed by more than unity values for RCAs and positive values for RSCAs. However, in case of other products, it indicated a comparative disadvantage to NEI in exporting these items as revealed by less than unity values for RCAs and negative values for RSCAs, indicating inefficiency in exporting other items.

Hence, the study made an attempt to study the present status of export trade from NEI and attempted to find the impediments to export trade from NEI.

- The exports from NEI in terms of value during the period 1991-92 to 2005-06 were presented. The figures made it clear that exports have increased since liberalisation in India. But NEI has exhibited a fluctuating trend in the past 15 years. In value terms, exports have increased from Rs. 85 crores in 1991-92 to Rs. 437 crores in 2005-06.
- In order to identify the major trading partners in NEI’s export trade, the country-wise shares in NEI’s exports reveal that NEI has major trade relationship with neighbouring countries like Bangladesh and Myanmar.
- Positive growth of export was witnessed in case of exports to Bangladesh but at the same time it was affected by the variations witnessed in export trade to Myanmar and also exports of tea to various other trading nations. The year 2003-04 was witnessed to have a favourable growth of exports which can be attributed because of factors like increase in demand of NEI’s products in Bangladesh. But again in the subsequent years, downfall of growth could have been observed.
- The researchers in the study further carried out a survey to find the impediments to export trade. They observations from the survey revealed that the lack of infrastructural facilities remains to be the major problem for export promotion from NEI.
- They further assessed that a few number of items are offered for export in relation to the total export basket of NEI. The majority of items offered for export are not even exported from any source of origin in NEI, although the items have been included in the export list.
- They could also find that unofficial and illegal trade exists between NEI and its neighbouring allies. It was also learnt that the volume of illegal trade has been higher than the volume of official exports.

Finally they concluded by emphasising on the fact that NEI is surrounded by as many as five countries with almost a 5000 km stretch of international border, amply speaks of how important could be the role of trade with neighbouring nations in fuelling the engine of growth and adding vitality of socio-economic transformation of its 39 million people residing. Thus the strategy in this regard is to identify new market for trade and improve upon infrastructural constraints.

If one examines the extent of trade from NER, it would be quite visible that NER’s export is mainly concentrated into the regions of Myanmar and Bangladesh. As it is evident from the following studies made by Bezbaruah (2006) where he tried to assess the extent to which the expectations regarding the prospects of Indo-Myanmar border trade through the NER are realizable and discussed the issues that need to be addressed for realizing these potentials. The main findings of the above analysis could be summarized in the following points:

- Although the volume of formal trade across Indo-Myanmar border is negligible as percentage of total trade between the two countries or as a proportion of the domestic income of the NER, the volume of informal border trade is significant.
- The existing composition of informal border trade, mainly serves only the consumption demands in the NER and Myanmar. The productions and income generating effects in the two regions are minimal.
Changes in domestic policy regime and multilateral trading agreements are now abating the trade policy related hindrances in bringing the hitherto informal trade to the formal channels. If the initiatives to forge regional trading arrangements with East and Southeast Asian countries through Myanmar bear fruit, that will integrate India and South Asia economically with the newly industrialized eastern bloc. But the share of benefit for the NER from such integration will depend on how much of the trade traffic move through the land routes via north-east.

Further, it is seen that India- Bangladesh trade pattern does not follow strictly the principle of comparative advantage. The reason is that some of the goods produced are in common in both the countries due to similar factor endowments and factor intensities (Raychaudhuri, 2005). The study didn't go into the informal trade aspects. The study also did not mention the service trade at all as one paper by Rahman (2000) clearly puts the informal trade in education and health services at a very high proportion. In conclusion, he further added that India Bangladesh trade promotes some activities which may be consistent with relative comparative advantage but not global. However, some of these may give impetus to the growth of some industries where a country may enjoy potential comparative advantage which might develop in future with suitable technological upgradation and government support.

Both the theory and evidence suggests that trade not only strengthens the relations between the trading partners but also acts as an engine of growth. The same is true for investments. Both the host and parent countries gain from the investment in each other’s country. This paper (Ghuman and Madaan, 2011) too has attempted to discuss and analyse the trade and investment relations between two neighbouring countries. The foregoing discussion on the paper explains the very low share of trade between India and Bangladesh. This paper has tried to discuss the present status of trade and investment relations between India and Bangladesh since 1975. Though their mutual trade has been increasing since 1975, yet, it could not exploit the latent trade potentialities. The limited export capacity of Bangladesh to India seems to be one of the reasons. Given the size of the Indian economy, it is suggested that India needs to explore the inclusion of new items in its import list from Bangladesh. The Indian investment in Bangladesh and joint ventures in Bangladesh and India could be of great help to enhance their mutual trade. Resolution of some long-pending issues between the two countries and continuous dialogue can certainly help enhancing trade and investment.

The report (Report - Indian Institute of Foreign Trade; Ministry of Commerce, 2008) on exports estimation mentioned an important limitation in the form that 'estimating exports that take place from the NER is fraught with several limitations due to lack of proper information and data in almost all the seven concerned states'. Exports from the NER can be broadly divided into three categories:

- Products of NER but exported primarily from the outside region like tea, jute, silk handlooms, cane and bamboo crafts. Tea constitutes the bulk of exports.
- Items exported through the customs check posts located at the borders within the region. Many of the items are produced locally like ginger, dry chilly, fruits and vegetables etc.
- Products that fall in the third category are those which are produced from outside the region and exported to the neighbouring countries like Myanmar, Bangladesh, and Bhutan etc. In this category are included essential commodities and many engineering goods and pharmaceuticals. However, since there is hardly any value addition in this category and the NER only acts as a transit route, such exports cannot legitimately claim to be North-Eastern origin.
The study found figured out some key constraints that led to low exports from the region. These constraints were limited export houses and exporters from NER (North-East Region), too much of informal/illegal trade, insurgency, land acquisition act, lack of infrastructural facilities, high incidence of duty and taxes, narrow range of products in authorized trade, closure of ‘border haats’ for trade, inner-line permit adopted by Mizoram, Nagaland, Arunachal Pradesh. The report showed the total exports that took place from the NER during 1995/96 and 1996/97 in various categories of goods ranging from agro-based products to textiles, tea, minerals, handicrafts, forest-based products etc. Finally against the backdrop of current production and future scenario, the strengths and weaknesses of the economy and trade had been examined through the construction of a BCG Matrix. The matrix reflected the composition of the items produced vis-a-vis its exports from the region as a whole. Further, the study estimated exports from the NER at Rs. 2176 crores by 2005.

A report compiled by Planning Commission (Strategy for Assam’s Development, 2002), came with the following findings on Assam’s slow economic development. These findings are:

- The most striking fact of Assam’s economic development is that it is falling behind the rest of the country. In 1950-51, per capita income in Assam was 4% above national average. In 1998-99, it was 41% below the national average at 1980-81 prices. What is even more alarming is that the gap is growing. Between 1980 and 1990, per-capita income at 1980-81 prices grew by 20% in Assam compared with 40% for all India.
- While the Indian Economy grew at 6% over 1981-2000, Assam state GDP grew only at 3.3%. While the growth rate of the Indian Economy accelerated in the 1990s over 1980s, Assam’s economy decelerated in the 1990s. The poor growth performance could be seen in all the sectors.
- Industrial growth in Assam has been very poor growing at only 2.6%. Industries grow when the demand for their products grow. If the local market does not provide enough demand, then external markets are needed. Industries in Assam and other NE states have not had adequate markets. Outside the region, they have not been able to compete because of the high transport cost. Within the region, they have lacked good infrastructure.
- The partition of the country imposed on Assam and the NE a huge transport and access disadvantage. As the Shukla Committee puts it, “Partition further isolated an already isolated geo-politically sequestered region. It was left with over 4500 km of external frontier with Bhutan, China, Myanmar and Bangladesh but no more than a slender 22 km connection with Indian hinterland through the tenous Siliguri corridor, the gateway to the North-East. The very considerable market disruption, socio-economic distancing and retardation that resulted has not been adequately appreciated and compensated”. This transport disadvantage discourages industry from locating in Assam. Only those industries that are based on special raw materials available in NE are likely to locate here.
- One major reason for low-income growth aret in Assam is low rate of investment. The Gross Fixed Capital Formation (GFCF) rate was only 12.3% for Assam in 1980-81 when the all-India rate was high at 21.4%. Unless this difference is narrowed down, Assam’s income growth cannot catch up with rest of India. Assam would not be able to attract large-scale private investment till insurgency problem is solved.
- The disruption of partition not only increased transport costs but it also dislocated the traditional markets of the North-East. It also increased transactions cost and reduced access to finance. The road distance to rest of India increased, connectivity through waterways became poor, and loss of access to the ports of Chittagong meant international markets also became less accessible. Coupled with these, poor power sector development and difficulties of getting financial credit have also been contributed to poor development of industries in Assam.
- The transport disadvantage and loss of markets has shifted the growth of industries in Assam. State Govt. policies have not been able to overcome these handicaps.
• Faulty strategy was also reflected in wrong type of capital investment, inadequate and low quality infrastructure such as power, roads, and other infrastructures. On the other hand, the state govt failed to create a favourable environment for private investment to supplement its efforts.

• The state is not only deficient in administrative, social and economic infrastructure, but also human capital, all supply side factors. This coupled with poor and uncertain law and order situation does not make Assam a favoured destination for private investment even with tax holidays or freight subsidy as has been extended.

The Economic Survey Report on Assam (2011-12), summarized the following points on the current economic scenario on Assam and the number of initiatives taken up the Government of Assam:

• The economy of Assam continues to be predominantly agrarian. The Agriculture sector in the State providing employment to more than 50 percent of the rural people. The net cultivated area of the State is 28.11 lakh hectare (2009-10) which is about 88 percent of the total land available for agricultural cultivation in the State. The contribution of Agriculture sector to the State Domestic Product was nearly 25 percent during 2010-11.

• The Industrial scenario of the State is mainly confined within the growth of employment oriented Small Scale Sector, which comprises of manufacturing and processing industries. The contribution of manufacturing sector to Gross State Domestic Product is estimated at 7.0 percent during 2010-11 which is not encouraging.

• The growth observed in the manufacturing sector was the result of benefit achieved in the production of some selected industrial items like Tea, Wheat Flour, Jute textiles, Cement, etc. over the level of production of the previous year.

• The Tea Industry of Assam, playing a vital role in the State as well as in the national economy. The Assam’s Tea industry also possesses a significant reputation in the global economy.

• Among the Plantation crops, Rubber cultivation is also gaining its popularity in the State due to congenial agro climate as well as its eco-friendly activity.

• Assam has ample scope for Bamboo based industry like Paper manufacturing industry, since this region has highest concentration of bamboo i.e., around 60% of the total Bamboo of the country.

• Traditionally, Sericulture, a major cottage industry of the State, is practiced in more than 10532 villages and provided employment to more than 2.5 lakh of family. Assam has the monopoly in production of Muga, the Golden Silk in the world and 99% of Muga Silk produced in Assam. Assam has also achieved the right of “Geographical Indication” in Muga Silk.

• Assam is richly endowed with mineral resources. The performance of Mining Sector during the year 2010-11 was observed as not satisfactory as compared to previous year. Apart from Natural Gas (utilized) the all other major minerals Coal, Petroleum(Crude) and Limestone of the State have shown downward volume in production during the year

• It has been observed that the contribution of Agricultural Sector to the State economy [GSDP at constant (2004-05) prices] has been recording gradual fall during the period 2005-06 to 2009-10 but shown slight recovery in 2010-11(Quick estimate). On the other hand, the trend of growth of the agriculture sector [GSDP (at constant 2004-05 prices)] was erratic during the same period and finally pegged at 7.5 percent 2010-11 (Quick estimate).

• Assam is traditionally rich in horticultural production due to its diverse and unique agro-climatic condition which is conducive for growing wide range of horticultural crops like
various fruits, vegetables, flowers, spices, nuts, tuber crops and medicinal and aromatic plants. World citrus belt encompasses Assam within it.

- The state produces surplus quantity of fruits & vegetables to the tune of 26 lakh MT. Due to lack of adequate marketing & processing facility about 20% of the produce is lost. In such a scenario, processed food is a great boon for value addition & better commercial gain. 6 nos. of processing units of Pineapple, Orange are set up with support from MFPI. 1 more units are in the pipeline. Still there is huge scope for processing industries in the State.

Export Initiatives

- **Pineapple:** Pineapple cubes are being exported to meet the export demand of 300 MT.
- **Orange:** Assam has started export of Orange recently.
- **Flower:** Dendrobium Orchids are an attraction in Kolkata Market. Anthurium from Kamrup district has become a part of export from North-East.
- **Bhot Jalakia:** Commercial cultivation of Bhot Jalakia, the hottest chilli (a special germ plasm of Assam) has been started recently.

- Assam is a surplus State in respect of production of Vegetables. The farmers faced a lot of problem for marketing of these perishable commodities. Besides there are some other related problems highlighted below:
  - During peak season of harvest from January to March, the markets are overloaded with the Rabi Vegetables and farmers failed to catch remunerative price and compelled to dispose their produce at a very low price during the market day due to non availability of cold storage facility near the market.
  - Inadequate availability of processing units/ cold storage / post harvesting infrastructure like godowns/warehouses.
  - Inability of small and marginal farmers to carry their produce at distant markets where they can fetch justified market prices.
  - Inadequate transfer of off-season Vegetable Technology.

- In Assam, Handloom Weaving is a way of life. It is inexorably linked with Assamese Culture and Heritage. Handloom Industry of Assam is known for its rich glorious tradition of making handloom and handicraft products. It also plays a very important role in the socio-economic development of the State. Assam is a proud owner of more than 13.00 lakh looms out of the total 28.00 lakh looms in the country. In spite of being intensely connected with the culture of the State, the Handloom Industry has not flourished in commercial sphere to the required extent. At present about 2.80 lakh looms are being utilized for commercial weaving in the true sense. About 5.70 lakh looms run semi-commercially and earning subsidiary income. Rests are domestic looms and are run to meet the domestic requirements.

- For facilitating the export-import business with various neighbouring Countries bordering North-East India, Government of India has taken a new initiative to create all infrastructure facilities for the exporter of the region. The Government of India has approved for setting up of two numbers of border trade centre- one at Sutarkandi in Karimganj district and the other at Mankachar in Dhuburi district to facilitate the border trade with the neighboring country of Bangladesh. The main objective of the Border Trade Centre is to provide high standard infrastructure, information and service facilities to the exporter and importer.

- Tourism is a fastest growing industry in the world. Tourism in Assam is based on wildlife, natural beauty, unique flora & fauna, holy shrines, lush green tea gardens, turbulent rivers, vibrant and colourful cultural festivals. Assam has immense tourism potentials, which are to be explored as commercial resources. Eco-tourism is one of the fastest growing tourism segments and therefore the State Government of Assam has given tremendous thrust with relevant to natural beauty and bounty. For the growth of tourism sector, special emphasis has
been given on Tourism Circuit Development, Destination Development, Wayside Amenities etc., through public and private partnership to tap the unexplored potential opportunities. Assam Tourism Policy, 2008 has also been adopted by the State Government giving special emphasis to encourage private investment in Tourism sector by providing financial and logistic support. Efforts have been made to establish linkages with the neighbouring North-eastern States and countries of Bhutan, Nepal, Bangladesh and Thailand for Assam as a regional tourism hub. The State Government has also proposed to create an East India circuit linking Assam, Bihar, Odisha, West Bengal and Sikkim.

- The announcement of the North East Industrial Investment Promotion Policy (NEIIPP), 2007 by the Government of India is another important step towards industrialization of the State where special emphasis has been given on the word “INVESTMENT”. Through this Policy, the Government of India has approved a package of fiscal incentives and other concession for the entire North Eastern Region (NER) and Assam will be the leading State to reap benefit from it.

- Further, special provisions like providing comprehensive insurance subsidy, incentives for setting up of Bio-Technology Industry, Power Generating Plants (both from conventional and non-conventional sources) up to 10MW, Transport Subsidy Scheme etc are incorporated into the Policy to attract more and more investors to the region.

- Assam intends to attract maximum Foreign Direct Investment (FDI) and will put sustained efforts to achieve the objective. The State Government has constituted a separate cell – The Industrial Investment Secretariat Cell (IISC) to facilitate investment and a High Level Committee to accord fast track clearance for investment proposals.

- To generate economic development by accelerating the process of industrialization and to generate employment and increase income, the Government of Assam has declared Industrial Policy 2008 with high expectations to attract more investment from other parts of the Country as well as to provide more support to the local entrepreneurs. The policy also aimed at revival of sick industries as well as gives more focus to Micro and Small Sector.

The General Agreement in Trade in Services (GATS) under the World Trade Organization (WTO) divides services into four independent modes of supply:

- Mode 1 - cross border supply
- Mode 2 - consumption abroad
- Mode 3 - commercial presence
- Mode 4 - movement of natural persons

Many studies confirm a strong association between trade in services and economic growth of a country. Services are considered to be major inputs in the production of goods since some services encourage trade efficiency through improvement in labour productivity. In India, services trade has seen massive increases in the last one decade. In 2008/09 services exports were around US $ 88 Billion, of which 50% was accounted by software exports. Software services exports grew at CAGR of 32% from 2000-2008. Apart from software exports India exports mainly transport, travel, business, financial and communication services (CII Report, 2011).

Services sector growth can also complement growth in manufacturing sector. There are sectors where a lot of complementarity exists between services & manufacturing growth e.g.
Telecom Services and Telecom equipment manufacturing, electronic hardware & software where a hardware-software combination can accelerate growth of both hardware and software as suggested in the Medium Term Export Strategy (MTES) of the Department of Commerce, healthcare services and pharmaceutical sector, shipbuilding along with ship repair & maintenance services and shipping where growth is sure with growth in volume of trade, R&D services and pharma & biotech sectors, etc. Identifying and promoting the growth of these sectors with considerable backward – forward linkages can help growth of both services and manufacturing and some manufacturing sub-sectors can ride piggy back on the success of the complementary services to achieve quick growth. The recent growth in export of professional services is an example of the potential of other services. The world Investment Report 2004 has stated that world over there is a shift in FDI towards services. This is more so with India’s FDI inflow to services sector. Another important development in the services sector is the ongoing negotiations at WTO on Services. A clear-cut strategy for services highlighting the potential gains for India in terms of growth, employment and exports is needed to give a possible new direction to the Indian strategy in WTO negotiations (Report by Directorate of External Affairs, 2007).

The role of the service sector in the transformation of economies of the world has been significant. It has an advantage over economic activities in most countries, not considering the level of economic development. Approximately 60% global output and around 30% global employment is made up of services. Even in many developing countries, services represent more than half of their GDP, with agriculture and industry each making up less than 30 percent of total production. Moreover, the service sector now diverts an emergent section of cross-border trade and investment business. Its rapid expansion has outpaced the growth in merchandise trade. Between 1990 and 2002, world trade in services grew by 155 percent in contrast to 40 percent for agriculture and 97 percent for manufacturing. Much of this growth can be attributed to the advances in information and communication technology and the deregulation and privatization of the service sector around the world, which have made services increasingly tradable. Hong Kong and Singapore became richer than European nations only when they switched from manufacturing to services. The share of services in GDP in Hong Kong is 83 percent, the highest in the world. The share in the United States is 71 percent, and has made the country an economic powerhouse in the 1990s. Manufacturing will still matter in the future, but services will matter more. The South Asian region, comprising India, Bangladesh, Nepal, Pakistan and Sri Lanka, is no exception to this trend. Services have come to occupy between 40 to 50 percent of GDP in these countries. The service sector is the second most important source of employment, after agriculture, in these countries, absorbing about 20-30 percent of the labor force. Certain sectors such as information technology (IT), business process outsourcing (BPO), tourism, construction, and energy services are important contributors to value added, employment, exports, and investment flows in these countries. Countries like India have emerged on the global map due to their success in exporting IT and BPO services. If one examines the composition of services trade, no clear pattern emerges for most of the countries. Only in the case of India, has there been a strong and consistent structural shift in services exports away from traditional areas like travel and transport services and towards other services, mainly business services such as information technology, business process outsourcing, and various professional services as well as tourism (Sanzgiri, 2010).

While the prospect of export in services is varied, but if we look at the literature, there is hardly any exports in services and FDI inflows in services from Assam.

2.4 Correlation between FDI, Exports and Economic Growth: Some Evidences from the past

It needs little emphasis that a nation’s international competitiveness today crucially depends upon the growth and technological dynamism of firms belonging to knowledge-based industries.
These high-technology firms lead innovations and create knowledge, which results in enhancing a nation’s ability to sell more in the world market (Nagesh and Pradhan, 2005). This paper thus examines the export performance of Indian manufacturing enterprises particularly in the knowledge-based industries. The researchers cited some instances by trying to show the picture of Indian manufacturing industries which is witnessing increasing exposure to foreign direct investment (FDI) by Multinational Enterprises (MNEs). It is also emphasized in the literature on international production that foreign firms have advantages over domestic firms in respect of export performance. In view of their access to parent’s resources such as ownership of new technologies, skills, brand names, aggressive advertising strategies, globally established marketing channels and distribution networks, and experience of operating in international markets. With access to such intangible assets, foreign firms can be instrumental in promoting exports from the host developing countries. Therefore, this study examines the role of foreign firms in the export performance of Indian manufacturing. The findings of the study suggests that foreign presence is an important factor for achieving export success as it enhances the capability of exporting firms to ensure better after-sales services and interaction with global buyers.

A number of econometric studies have been done in the recent past to prove the validity of the relationship between FDI infusion in an economy and economic growth. A panel data analysis was done to examine the relationship between Foreign Direct Investment (FDI), financial development and economic growth using Generalised Method of Moments in a group of 70 developed and developing countries from 1988 to 2002 (Choong and Lam, 2011). It was found that FDI has a negative and significant impact on economic growth in developing countries. The interpretation for the negative sign of FDI is that the weak regulations and the low degree of the financial sector development in developing countries lead to misallocation of this private capital flow, which reduces and even reverses its impact on economic performance. To support this idea, the researchers interacted FDI with different measures of financial sector development. The finding is that when FDI was interacted with financial development indicators, the interaction terms are positive and significant. The finding supports the notion that a certain level of financial sector development is a significant and prerequisite for FDI to have a positive effect on economic growth. The major findings of the study are that FDI generally has a positive impact on the economic growth rate of countries. To host country, FDI offers much more than necessary investment as it raises the factor productivity as well as enhances the ability to better integrate the domestic industries with global markets. A time-series analysis was also employed to prove the causal relationship between FDI and economic growth of Bangladesh using annual data from 1975 to 2005 (Md. Gazi Salah Uddin and Md. Wahidul Habib, 2008). The Granger Causality test and Error Correction Models were employed taking care of stochastic properties of the variables. Time-series analysis indicates the causal nexus between export, FDI and growth. The results indicated that FDI and exports are co-integrated and suggest a one-way causation from FDI to export growth. This implies FDI causes export growth in the long-run but does not influence in the short-run. The specific objective of the study was to identify factors affecting export in the economy and to test co-integration relationship between a few variables affecting FDI in the country.

A macroeconomic study in this area of study was conducted to validate the importance of FDI in a region. As has been rightly quoted by the authors (Verma and Arora, 2008), “FDI continues to gain in importance as a form of international economic transactions and as an instrument of international economic integration”. In judging the significance of FDI especially from the viewpoint of developing countries, the peculiarity amid macro-economic and micro-economic effects of FDI becomes obligatory to elucidate. Whereas the macro-economic effects of FDI are connected with the issue of domestic capital formation, improving balance of payments crisis, creating employment opportunities and taking advantage of external markets for achieving faster growth rates, the micro-
economic effects are associated with the issue of cost reduction, product quality improvement, making changes in industrial structure and developing global inter-firm linkages. The study thus tried to check the existence of long-run causal relationship between FDI and economic growth in India. The overall conclusions that emerged from the empirical analysis suggested that FDI is an important variable to augment economic growth. Domestic Investment in the avenues of infrastructure, skills formation, and private corporate sector especially in the manufacturing sector can play a lead role to attract FDI inflows in the economy. Thus the study confirms that the economy can get the benefits of filling up investment gap in the domestic economy through globalization in general, domestic investment and FDI in particular. Further, proper skill development can also help the disguisedly unemployed workers to adopt advanced technology, transferred through the channels of FDI.

In the last three decades, FDI flows have grown rapidly all over the world. This is because many developing countries see FDI as an important element in their strategy for economic development. The FDI has both benefits and costs and its impact is determined by the country’s specific condition in general and the policy environment in particular. It is a fact that FDI is one of the most effective ways by which developing economies are integrated with the rest of the world, as it provides not only capital but also a medium of acquiring skills, technology, organizational and managerial practices and access to markets. The relationship between FDI and economic growth is very controversial as it varies from country to country. The basic objective of this paper was therefore to investigate the causality between economic growth and FDI in India and China. Ganesh Kumar (2011) examines the direction of causality between FDI and GDP for India and China using the Granger Causality test. It is evident from the study that in the world total FDI, the shares of FDI inflows in India have increased from 0.15% in 1980 to 3.11% in 2009. However, in case of China it has increased from 0.10% in 1980 to 8.53% in 2009. In the case of China, a high level of economic growth can generate more FDI but a high level of FDI cannot generate additional economic growth. The inflows in a country should be in such a way which leads to the economic growth of the country. For this, such sectors should be explored which actually require FDI for the development of the country.

A study made by Balamurali (2004) examines the relationship between foreign direct investment and economic growth of Sri Lanka for the period 1977-2003 using Johansen’s full information maximum likelihood method by considering relationship between real gross domestic product, foreign direct investment, domestic investment and openness of the trade policy regime. The results indicate that foreign direct investments exert an independent influence on economic growth and there is bidirectional causality between foreign direct investment and economic growth.

Roy and Mandal (2009), examined the dynamics between economic growth and FDI for a selected group of Asian economies namely India, China, Hong Kong, Malaysia and Philippines. This paper examined the issue of crowding-in or out effect between foreign and domestic Investment in the long-run. Although it may be seen natural to argue that FDI can convey great advantages to host countries. Laura (2003) showed that the benefits of FDI vary greatly across sectors by examining the effect of FDI on growth in the primary, manufacturing and services sector. An empirical analysis using cross-country data suggested that total FDI exerts an ambiguous effect on growth. Another paper (Ilan, 2007) investigates the impact of foreign direct investment (FDI) on economic growth using detailed sectoral data for FDI inflows to Indonesia over the period 1997-2006. In the aggregate level, FDI is observed to have a positive effect on economic growth. However, when accounting for the different average growth performance across sectors, the beneficial impact of FDI is no longer apparent. When examining different impacts across sectors, estimation results show that the composition of FDI matters, for its effect on economic growth with very few sectors showing positive impact of FDI and one sector even is showing a robust negative impact of FDI inflows.
International policy makers have long advocated that developing countries should attract the right FDI to tap into the new international production systems of transnational corporations (TNCs), perhaps the most dynamic elements of international trade. The importance of export-platform FDI in stimulating economic growth is well established (Lall, 2000). Export platform FDI is that in which foreign affiliates of multinational enterprises (MNEs) export most of their output, with the local market in the host country being less significant to the MNE’s location decision (Markusen, et al. 2007). Such FDI exhibits two distinctive characteristics. First, there exist certain industries that may exploit the international fragmentation of technologies; for example, products developed in high-tech industries such as electronics, information technology and pharmaceuticals. Low transportation costs in those industries then allows fragmentation in production and benefits from differences in factor costs across economies (Arndt and Kierzkowski 2001). Second, it is typically actively promoted by policy makers in small economies that explicitly seek access to international technology for “export-driven” growth. MNEs then utilize low cost factor resources and use the host country as the export platform to cater to demand in foreign markets. Export platform firm level FDI may exert two positive effects: (1) the firm will decide to export (which is arguably good for the economy), and (2) firms that already have exported, will export more. Firms that export generally show high productivity growth and contribute to increasing the overall productivity of the host country (Kimura & Kiyota 2006; Baldwin & Gu 2003), thus justifying host country policies to attract such FDI.

In addition to the studies made which dealt with assessing the overall impact of FDI on growth, a study made by Singh (2011) focused on the impact of foreign investment on host country industrial structure with special reference to India’s manufacturing sector during post reform period. The paper discussed various indicators related to liberalization such as foreign investment, export and import intensities, share of foreign firms etc. Moreover, the core variable of the study namely foreign presence indicated positive and significant association with industrial market concentrations. Among other, the other variables such as import intensity and different levels of technology had positive and significant impact on firm’s concentration ratio. Therefore, the findings of the study point to the regulatory authority to be more vigilant in order to ensure the efficient function of the market in the liberal investment regime.

3. GAPS FOUND IN THE STUDIES MADE SO FAR:
   - Lack of adequate data and focused research has not been taken up yet in the NER of India.
   - Research is mostly inadequate in finding out the commodities where Assam can gain comparative and competitive advantage over other countries.
   - Since Assam is considered as the gateway of north-east and the only thin line of connectivity between mainland India and the rest of the NER, Assam has only confined itself in becoming a transit route rather than an export hub.
   - Lack of strong manufacturing base has limited the scope of increasing exports beyond the locally manufactured products.
   - Trade in services is completing a neglected area (future prospects considered so far).
   - Investment (domestic and foreign) flow in the region is almost negligible.
   - The region never tried to revive itself from the clutches of backwardness through the adoption of trade facilitation and infusion of investments.

4. CONCLUDING REMARKS
   International competitiveness has become a key issue in the context of the current economic reforms and the global integration thereof pursued by developing countries (Nagesh, 2005). In a globalized world, the export success of a nation is ever more critical for its long-term economic performance. Export success is likely to lead to productivity growth by reducing technical inefficiency and enabling greater exploitation of economies of scale by augmenting the size of the market. It may also result into higher innovative activity as exporting firms are conscious of technological development abroad in order to stay in the business. Higher export expansion through
establishment of export processing zones and a reduction of anti-export bias in inward looking policies can even attract higher quantity and quality of FDI into the economy. And thus generate additional growth impetus. Therefore, the importance of FDI in development is being emphasized by increasing number of developing countries. According to Cable and Persaud (1987), “FDI is considered as a means of obtaining not only capital but also technology, scarce management and skill and improved marketing know-how and outlets for non-traditional exports of manufactures, processed commodities and traded services”.

The mixed findings pertaining to the export performance of foreign and local firms across countries may suggest that some countries have been successful in harnessing the potential of MNEs through expanding their manufactured exports. However, lack of adequate data and focused research has not been taken up yet in the NER of India and specifically in the region of Assam and it still remains to be an untapped field.

5. REFERENCES


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AN EVALUATION OF THE COMMUNITY-BASED PARTICIPATORY EXTENSION APPROACH (PEA) IN OKEHI LOCAL GOVERNMENT AREA, OF KOGI, STATE NIGERIA

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ABSTRACT: This study was carried out to evaluate the community-based participatory extension approach in Okehi Local Government Area of Kogi State. The specific objectives were to examine the socio-economic profile of the farmers, level of participation, effectiveness of the PEA model in addressing farmers technological needs and problems militating against effective operation. Data were collected using structured interview schedule from 60 respondents who were randomly selected. The data collected were analyzed by the use of descriptive statistics such as tables, percentages frequencies and means. The result from the analysis showed that 60 percent were within (40-59 years) which could be considered to be the age bracket for economically active population. The level of participation was found to be (65 percent). The study shows that the community-based participatory extension approach has positive effects in the area because production was higher after the intervention of PEA model. The major problem identified with the PEA model in the area include, illiteracy, inputs not readily available, approach is time consuming, lack of credit as well as inadequate extension contact. The study concluded by recommending that efforts should be intensified on provision of adequate rural infrastructure like school, feeder roads and marketing outlet for the farmers produce. This would help improve and sustain the gains accruable from participating in this project.

Keywords: Participatory, Extension, Approach, Kogi state

INTRODUCTION
Project experience over the last twenty years has fueled debate concerning the role of public sector agricultural extension strategies to increase agricultural productivity and alleviate rural poverty. The dominant approach in World Bank supported projects since the early 80’s is the training and visit (T and V) system. This approach had some note worthy successes and some failures, although the system is intended to incorporate feedback from farmers, this is not always accomplished and the role of farmers as receivers of instruction is often passive. Consequently, the results of investment in training and visit have sometimes been disappointing and unsatisfactory regarding sustainability (Burkey, 1993).

Perhaps a quite revolution has also been launched in agricultural extension approach model by the National Agricultural Extension Research and Liaison Service of Ahmadu Bello University Zaria who has a national mandate to co-ordinate agricultural extension in Nigeria. In making extension more demand driven and more accountable to farmers, the participatory approaches is being recognised as possible options of ensuring that services are relevant and responsive to local condition as well meet the real needs of users (Eremie, 2001).
Participatory method makes the distribution of extension service more equitable and putting responsibility in the hands of farmers to determine agricultural extension programmes.

OBJECTIVES OF THE STUDY
The broad objective of this study is to evaluate the community-based farmers’ participatory extension approach in Okehi Local Government Area of Kogi State. The specific objectives are as follows:

i. to describe the socio-economic profile of the farmers been studied
ii. to assess the level of participation of local farmers to the PEA model
iii. to identify the effectiveness of the PEA model in addressing farmers technological needs.
iv. to examine those problems militating against effective operation.

METHODOLOGY
Kogi State is bordered by nine other States and is the most centrally located State in Nigeria. Kogi State has an average maximum temperature of 33.2°C and average minimum of 22.8°C. (Kogi State Government, 2007). The State has two distinct weathers – dry season, which lasts from November to February and the raining season that lasts from March to October. Annual rainfall ranges from 1016 to 1524 mm. The study was undertaken in okehi local government areas of kogi state.

A total of 60 respondents were selected using stratified random sampling technique. The farmers are drawn from three different communities in okehi local government. These were Ihima, Obangede and Eika. In each community, 20 farmers were randomly selected for the study. For collecting relevant data from the respondents, an interview schedule was prepared considering the objectives in view. Personal Interview was conducted with all the 60 respondents using interview schedule.

Data were analyzed using simple description statistical tools, which include the use of tables, mean and percentages.

Simple descriptive statistic is calculated as follows:

I \[ \text{Mean} = \frac{\sum X}{n} \]

where \[ \sum \] = summation

\[ X = \text{individual observation} \]

\[ n = \text{total observation} \]

II Percentage \[ = \frac{\text{observed frequency}}{\text{total frequency}} \times 100 \]

RESULTS AND DISCUSSION
The results are presented and discussed in line with the objectives of the study

Socio Economic Profile of the Respondents
The socioeconomic characteristics of the respondent, namely age of respondents, educational qualification, marital status, the major and minor occupation of individuals and land ownership pattern may have a pattern effect on organizational activities, including establishment of association or groups.
Age Distribution of the Respondents
Data in table below show that the respondent age fall into three categories, the lower age (20-39) years, the middle age (40-59) years and the older age. The mean age of the farmers is 47 years. From the result, about 60 percent of the respondent belongs to the middle age, this category of farmers could be considered to be the most economically active and such productive population (Oluwasami, 1986).

Educational Attainment
Analysis of data on the table below revealed that 50 percent indicated they had no formal education, about 30 percent had attained adult education, while 5 percent had quranic education, 10 percent had primary education while 5 percent indicated they had attained secondary education and none of the farmers had attained post-secondary education. The largest proportion of the respondent is 50 percent which had no formal education indicating a high illiteracy level among most of the farmers, since farmers participation is a function of educational level (Clark and Akinbode, 1986).

Land Ownership Pattern
The result revealed that all respondents indicated a uniform land ownership pattern, that is, land could be either through inheritance, renting or freehold where farmer could be allocated a parcel of land by the community leader for cultivation and subsequent ownership.

Marital Status
The data in table revealed that 3 percent of the farmers are single, about 60 percent of the farmers were married, while 37 percent of the farmers were divorced. This means that the population interviewed during the field survey exercise was mature and responsible, saddled with various family responsibilities as a result would naturally engage in viable program that will enhance their economic status and income for the uplift of their livelihood and their dependants.

Major and minor Occupation
The data revealed that all the respondents indicates farming to be their main occupation. All takes minor activities like trading and other activities such as blacksmithing, brick layering and basket making to supplement income from their farms. This is mostly done during the relatively idle period of between December and May when the dry season is at its peak. Thus, one can conclude that farming is the bedrock of the economy of those communities in the area of study.

<table>
<thead>
<tr>
<th>Age Ranges in Years</th>
<th>Frequency</th>
<th>Percentages(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>20-39</td>
<td>16</td>
<td>26.7</td>
</tr>
<tr>
<td>40-59</td>
<td>36</td>
<td>60</td>
</tr>
<tr>
<td>60 and above</td>
<td>8</td>
<td>13.3</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Members Status</th>
<th>Frequency</th>
<th>Percentages(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>No formal education</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>Adult education</td>
<td>18</td>
<td>30</td>
</tr>
</tbody>
</table>
Quranic education | 3 | 5
Primary education | 6 | 10
Secondary education | 3 | 5
Post secondary education | - | -
Total | 60 | 100

Marital Status

<table>
<thead>
<tr>
<th>Status</th>
<th>Frequency</th>
<th>Percentages(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single</td>
<td>2</td>
<td>3.3</td>
</tr>
<tr>
<td>Married</td>
<td>36</td>
<td>60</td>
</tr>
<tr>
<td>Divorce</td>
<td>22</td>
<td>36.7</td>
</tr>
</tbody>
</table>
Total | 60 | 100 |

Occupation

<table>
<thead>
<tr>
<th>Occupation</th>
<th>Frequency</th>
<th>Percentages(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Farming</td>
<td>60</td>
<td>100</td>
</tr>
<tr>
<td>Others</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>
Total | 120* | 200* |

*Multiple Response

Distribution of Respondents based on Participation

The Level of Participation of Local Farmers to the PEA model
The result revealed that 65 percent of the farmers are having regular contact with extension agent while 35 percent of the farmers are not having regular contact with the extension agents. The result shows that majority of the farmers had participated with extension agents since agricultural extension delivery by the way of participatory approach involves problem identification and solution proffering.

Distribution of Respondent based on participation

<table>
<thead>
<tr>
<th>Contact</th>
<th>Frequency</th>
<th>Percentages(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regularly</td>
<td>39</td>
<td>65</td>
</tr>
<tr>
<td>Not regularly</td>
<td>21</td>
<td>35</td>
</tr>
</tbody>
</table>
Total | 60 | 100 |

The Effectiveness of PEA model in addressing Farmers Technological Needs
Farmers Perception and Rating of PEA Model
The data revealed that 50 percent rated the PEA model as good, while 42 percent rated the model to be difficult, 8 percent rated the model to be complementary. This is an indication that with the involvement of the local farmers at all levels of the farming programs, they will be empowered and the model is actually set to increased agricultural production and subsequently income of the rural farmers.

Distribution of Farmers Perception and Rating of the PEA Model

<table>
<thead>
<tr>
<th>Rating</th>
<th>Frequency</th>
<th>Percentages(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Good</td>
<td>30</td>
<td>50</td>
</tr>
<tr>
<td>Difficult</td>
<td>25</td>
<td>41.7</td>
</tr>
<tr>
<td>Complementary</td>
<td>5</td>
<td>8.3</td>
</tr>
</tbody>
</table>
Total | 60 | 100 |
Effectiveness of PEA Model on Agricultural Production
To examine the extent of technology transfer the farmers were asked to rate the extent to which technology needs had been attained concerning agricultural production. The data revealed that 62 percent of the farmers had an increase in agricultural production, while 38 percent of the farmer stated that, there was no change in the agricultural production after the intervention of the PEA model.

<table>
<thead>
<tr>
<th>Agricultural Production</th>
<th>Frequency</th>
<th>Percentages(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>37</td>
<td>61.7</td>
</tr>
<tr>
<td>No change</td>
<td>23</td>
<td>38.3</td>
</tr>
<tr>
<td>Low</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

Problems Militating Against the Effective Operation of PEA Model
The data revealed that 20 percent of the farmers stated inputs are not readily available, about 10 percent of the farmers stated lack of motor able roads, while 17 percent stated that approach is time consuming, and about 53 percent stated lack of credit. Thus one can conclude that the major problems faced by these farmers in the area to be lack of accessible credits. That is agricultural credit to farmers is universal(Uwe Jens, 1997).

<table>
<thead>
<tr>
<th>Problem Associated</th>
<th>Frequency</th>
<th>Percentage(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Input not readily available</td>
<td>12</td>
<td>20</td>
</tr>
<tr>
<td>Lack of good motorable roads to the farm</td>
<td>6</td>
<td>10</td>
</tr>
<tr>
<td>Lack of credit</td>
<td>32</td>
<td>53.3</td>
</tr>
<tr>
<td>Approach is time consuming</td>
<td>10</td>
<td>16.7</td>
</tr>
<tr>
<td>Total</td>
<td>60</td>
<td>100</td>
</tr>
</tbody>
</table>

RECOMMENDATIONS
Based on the findings of the study, the following recommendations were suggested.
1. In order to maximize the opportunity for increased farmers participation in the PEA model, a development of authentic peoples organisations, and empowerment of farmers to take responsibility for extension activities based on their understanding and needs.
2. There should be continuous system of generation and dissemination of technologies, usable by farmers, through monitoring and evaluation in place to track the effectiveness of the model for best performance.
3. Farmers should be influential and responsible clients rather than passive beneficiaries of extension services, to allow effectiveness of the model.
4. Although some very modest progress has been made through the community-based participatory model, much progress will not be made without a policy back up to support this extension delivery system.
REFERENCES


*****
IMPACT OF MERGER & ACQUISITION ANNOUNCEMENTS ON SHARE PRICE – A CASE OF SELECTED INDIAN LISTED COMPANIES

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ABSTRACT: This study examines the impact of merger and acquisition announcements on share price towards acquiring companies during the year 2012 listed on National Stock Exchange, India. The investigation has been carried out using traditional event study methodology. The present study is an empirical analysis to examine the stock price reaction to information content of merger and acquisition announcements with a view of finding whether Indian stock market is semi-strong efficient or not. Impact has been analyzed between ±7 days from the date of merger and acquisition announcement. The result divulges that around the announcement period the returns for the acquiring companies are higher. In the post merger announcement period there is an upward trend in the cumulative returns implying a positive result of the merger.

Keywords: Mergers & Acquisitions, Event study, Announcement date, Abnormal return.

1. Introduction

In today's challenging global business environment and demanding economy, companies must seek unconventional techniques to remain competitive. Managers are constantly devising means to create corporate value in order to translate this to shareholders through higher dividend payments or higher share prices. In recent years, mergers and acquisitions have become an increasingly important method for companies to survive in the competitive global business arena. The law of the jungle is hitting the business environment, where only the strongest corporations stay in business. That is one of the reasons why the number of mergers and acquisitions (hereinafter “M&A”) have augmented.

The announcement of a Merger or an Acquisition is considered as an event in this study. The objectives of this paper are: (a) to investigate whether insider information or publicly available information drives the observed price pattern of the acquirer companies using event studies, and (b) to examine the effect of merger and acquisition announcement on acquirer companies’ stock prices. Comparisons of the price run ups prior to the announcement of the merger and post announcement price pattern has also been studied. Further we also analyze the merged entity’s stock price post merger, by examining the daily closing price of all the stocks prior and post merger announcement. The rest of the paper is divided into reviews the literature related to event studies, especially relating to merger. The data description and methodology are presented in next section. The empirical findings are given in next section and the last section concludes.

2. Review of Literature

Numerous studies estimate the effects of announcements related to Bonus issues, dividend declaration, mergers & acquisition on the stock prices of the firms involved in the process. In the present study the impact of merger announcement is analyzed and the pertinent literature in this context is as follows:
Ball, Brown & Finn (1977) examined stock price reaction around the announcement of ‘stock capitalization changes’ (bonus, stock issues, stock splits & right issues) in Australia for the period between 1960 & 1969 using monthly data. They found 20.2% abnormal return for 13 months up to & including the month of bonus issue announcement.

Foster & Vickrey (1978) examined the signaling hypothesis of the information content of 82 stock dividend announcements using data of daily returns. They found significant positive abnormal returns around the announcement dates.

Lakonishok & Lev (1987) studied the trading volume changes after the announcement of stock dividend. They researched the characteristics of the companies with stock dividends & without stock dividends. They concluded that there is no significant increase in trading volume as a result of stock dividends & no significant difference in the prices of two groups.

Lijleblom (1989) researched the signaling hypothesis by examining stock price reaction to stock dividends for firms that also released simultaneous contaminating announcements. Findings indicated significantly greater positive price reactions for the stock dividend-paying group than for the control group, which was interpreted as support for the signaling hypothesis in the presence of contaminating announcements.

Spuma M. Rao (1997) studied the effect of announcement of Bribery, scandals, white collar crime & illegal payment on returns to shareholders. The analysis shows that the actual stock prices for those companies were lower than the expected market adjusted returns after the announcement.

Ahmed Sohrabian & Jeanni Kusaudi (1999) investigated the impact of insurance mergers on shareholders returns. The results reveal that acquiring firms do not post any positive significant abnormal returns during the announcement period while the target firms get positive significant abnormal returns.

Balachandran Bala Singham (2001) examines the share price reaction to announcement of bonus share issues of Australian companies. They analyzed that the magnitude of price reaction to bonus issue announcements is statistically related to the size of bonus issues and pre-announcement effect.

Mulugetta Abraham et al (2002) examined the impact of standard and Poor’s ranking changes on stock prices. The study used the traditional market model and found statistically significant abnormal returns on the announcement & surrounding dates.

Malhotra Madhuri et al (2003) provided evidence to support signaling hypotheses by examining the relationship between bonus issue announcement and stock price reaction. The study concluded that there is a negative reaction after the bonus issue announcement conveying that the market under reacts after the announcement.

Frank T. Delaney & Sam C. Wamuziri (2004) inferred the impact of mergers and acquisitions on shareholders wealth. The overall results from their study indicate that related construction mergers create wealth for shareholders of the target firm.

Xiaoww Huang (2004) analyzed the market reactions to financial announcement and provided the evidence that announcement related to earnings can lead to excess returns.
Delaney T. Frank and Wamuziric C. Sans (2004) analyzed wealth effects from the construction mergers. The study concluded that wealth effects from construction mergers are positive.

Mishra A K (2005) examined the stock price reaction to information content of bonus issue. The results indicated significant positive abnormal returns for a five-day period prior to bonus announcement. The results indicate stronger evidence of semi-strong market efficiency of the Indian stock market.

Chander Ramesh, Sharma Renuka, Mehta Kiran (2007) studied the informational content of dividend announcement. The results showed average abnormal returns for capital asset pricing model around the dividend announcement.

Vergos, Christopoulous & Mylonakis (2008) investigated the effects of political, economic, investment & analysts report announcement on share prices of Hellenic telecommunication organization. The study found that stock prices do not react to public announcement & continue to increase or decrease until 10 days after the event.

Anup Agrawal Jeffrey F. Jaffe (1999), in their article “The Post-m-merger Performance Puzzle”, examines the literature on long-run abnormal returns following mergers. The paper also examines explanations for any findings of underperformance following mergers. We conclude that the evidence does not support the conjecture that underperformance is specifically due to a slow adjustment to merger news. We convincingly reject the EPS myopia hypothesis, i.e. the hypothesis that the market initially overvalues acquirers if the acquisition increases EPS, ultimately leading to long-run under-performance.

3. METHODOLOGY

This section is divided into two parts: Data sources & data design. The data sources section explains the criteria applied in this study & data collection process. The data design section, on the other hand, describes the procedure of event study conducted in this research. The research hypotheses examined in this study are tested by applying an event study methodology described by Stephen J. Brown & Jerold B. Warner (1985).

A) DATA SOURCES:

The present study is descriptive and empirical in nature and it is based on secondary data. To obtain sample for the study, all firms that were either an acquirer or a target of the merger announcements during the period of January 2012-December 2012 are identified. In order to be included in the study, the acquiring company should be listed National Stock Exchange (NSE) during the period. A total of 6 companies met the above criteria and hence form the final sample in the study. The data on stock prices of the sample for the entire period of study are extracted from cmie-prowess, www.capitlement.com and www.nseindia.com.

The selected companies are Binani Industries Ltd, Piramal Healthcare Ltd, Infosys Ltd, Rain Commodities Ltd, Cipla Ltd and Oil & Natural Gas Corp Ltd has been selected and data obtained from Prowess. The data used for the study are for the period from January 2012-December 2012. Closing Market Price of shares before seven days of date of merger announcement and after seven days of date of merger announcement has been taken for analysis. The announcement date is identified as the day when the target or acquiring company first publishes disclosed information about the merger. This was specified as day zero in the event time of our study. There were cases where some public announcements were
also made after the market closed and some were made before. Importantly, in the latter case, market reaction took place a day before the merger news appeared in the national dailies. Hence, in this case we might incorrectly interpret the market reaction as a day before the news appeared in the national dailies as existence of “abnormal return” based on trading on non-public information. Thus, in order to eliminate this bias the announcement date is defined as a range covering the date when the news appeared in the national dailies and the immediate preceding day, if it was a trading day. In such case, stock price for day ‘0’, i.e. the announcement date is calculated using a simple average of prices on the day when the news appeared in the national dailies and on the day immediately preceding it, if it was a trading day.

Summary Statistics, difference Paired t-test has been used for measuring the change in share price with merger announcement.

The information about the company’s merger announcements, their announcement dates are obtained from Capitaline database. The individual firm’s security return & market return were also gathered from Capitaline Database. Values of the companies were also obtained from Capitaline Database.

B) DATA DESIGN:

To examine the market response to merger announcement standard event study methodology is used. The ordinary least square (OLS) market model is applied for estimation of abnormal return on a specific stock. The event study procedures in this study are gathered from previous researches by Bowman (1983) and Brown & Warner (1980 & 1985). To construct an event study the event, event date, event window, estimation window & estimation model should be determined. The event is what the researcher would like to study. The relationship of the said event is studied with the share prices. The events defined for this study are the merger announcements. The event date is the date of announcement of merger announcement by the sample firm. It can be expressed as to. The event window comprises some period before and after the event day. The event window in this study is days before and 7 days after merger announcement. It can be expressed as -7 to +7. The estimation period is the period prior to the occurrence of the event. Generally estimation period & event windows are chosen in such a way so that they don’t overlap. The estimation period for this study is 7 days before to 7 days after the event date.

It can be expressed as t = -7 to t = -7. The selected examination model for this study is standard market model. The model assumes that there is a linear relationship between the return of the security and the return of market portfolio. For the purpose of studying the impact of right issues on share prices abnormal returns are computed. Abnormal returns are obtained by finding the difference between actual returns of the security j on day t & expected returns of security j on day t.

For the purpose of studying the impact of right issues on share prices abnormal returns are computed. Abnormal returns are obtained by finding the difference between actual returns of the security j on day t & expected returns of security j on day t. The following is the formula for OLS market model to compute abnormal returns: -
\[ \text{AR}_{jt} = \text{R}_{jt} - \text{ER}_{jt} \]

Where
\[ \text{AR}_{jt} = \text{Abnormal return of security j on day t} \]
\[ \text{R}_{jt} = \text{Actual return on security j on day t} \]
\[ \text{ER}_{jt} = \text{Expected return on security j on day t} \]

Expected return on security j in period t is computed as follows:
\[ \text{ER}_{jt} = a_j + b_j \text{R}_{mt} \]

Where
\[ a_j = \text{Risk free rate of return i.e. Treasury bill rate of RBI} \]
\[ b_j = \text{Relative riskiness of the security to market index i.e. BSE Sensex} \]
\[ \text{R}_{mt} = \text{The rate of return on market index on the day t} \]

4. LIMITATIONS OF THE STUDY

✓ The present study is confined to only one event announcement.
✓ This study is restricted with only few companies.
✓ All the limitations of the tools used are applicable to this study.

5. EMPIRICAL RESULTS

This section describes various analyses carried out to predict the impact of merger announcements on share prices during the study period.

The share price reaction has been studied from the base data considered for this study. The base data consists of closing price of the selected sample. Similarly, -7 days, event day and +7 days share price were captured for every year and for all the companies.

**Table 1: List of Mergers during the year 2012**

<table>
<thead>
<tr>
<th>S.No.</th>
<th><strong>Acquiring Company</strong></th>
<th><strong>Target Company</strong></th>
<th><strong>Target Industry</strong></th>
<th><strong>Merger Announcement date</strong></th>
<th><strong>Share Price</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Binani Industries Ltd, India</td>
<td>3B The Fiberglass Company, Belgium</td>
<td>Textile and Apparel Products</td>
<td>2\textsuperscript{nd} Feb 2012</td>
<td>116.2</td>
</tr>
<tr>
<td>2</td>
<td>Piramal Healthcare Ltd, India</td>
<td>Decision Resources Group LLC, United States</td>
<td>Business Services</td>
<td>16\textsuperscript{th} May 2012</td>
<td>427.25</td>
</tr>
<tr>
<td>3</td>
<td>Infosys Ltd, India</td>
<td>Lodestone Management Consultants AG, Switzerland</td>
<td>Business Services</td>
<td>10\textsuperscript{th} Sep 2012</td>
<td>2511</td>
</tr>
<tr>
<td>4</td>
<td>Rain Commodities Ltd, India</td>
<td>Rutgers Belgium NV, Belgium</td>
<td>Chemicals and Allied Products</td>
<td>22\textsuperscript{nd} Oct 2012</td>
<td>41.15</td>
</tr>
<tr>
<td>5</td>
<td>Cipla Ltd, India</td>
<td>Cipla Medpro South Africa Ltd</td>
<td>Drugs</td>
<td>21\textsuperscript{st} Nov 2012</td>
<td>389.4</td>
</tr>
<tr>
<td>6</td>
<td>Oil &amp; Natural Gas Corp Ltd, India</td>
<td>NCOC BV, Kazakhstan</td>
<td>Oil and Gas; Petroleum Refining</td>
<td>26\textsuperscript{th} Nov 2012</td>
<td>241.92</td>
</tr>
</tbody>
</table>
The above table shows the date on which, the merger was announced and the share price details on the date of announcement of the acquiring companies. From these dates, daily adjusted prices for sample stocks for 7 days before and 7 days after the event date were taken and the event window were determined as $t = -7$ to $t = +7$ relative to the event day $t = 0$ (date of announcement of merger and acquisitions). The study aim is to find whether the events have any signaling impact on the share prices or not.

**Table 2 Distribution of the Closing prices**

<table>
<thead>
<tr>
<th>Acquiring Companies and their Industries</th>
<th>Average Closing Price</th>
<th>Skewness</th>
<th>Kurtosis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textile and Apparel products</td>
<td>Binani Industries Ltd, India</td>
<td>Post 123.4286, 1.712867, -0.55901</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pre 109.3429, -0.40163, 0.432809</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Services</td>
<td>Piramal Healthcare Ltd, India</td>
<td>Post 420.0214, 0.543116, 0.156411</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pre 439.1929, -1.30699, 1.084904</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Services</td>
<td>Infosys Ltd, India</td>
<td>Post 2573.179, 0.425023, 1.287926</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pre 2391.407, -1.1867, 1.683302</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chemicals and Allied Products</td>
<td>Rain Commodities Ltd, India</td>
<td>Post 39.15714, -0.49743, -0.39598</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pre 43.1, -0.90377, 1.534301</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Drugs</td>
<td>Cipla Ltd, India</td>
<td>Post 393.05, 1.064662, 0.171788</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pre 386.7214, -0.34689, -2.35232</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Oil and Gas; Petroleum Refining</td>
<td>Oil &amp; Natural Gas Corp Ltd, India</td>
<td>Post 259.05, 0.32002, 2.24478</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pre 253.1929, 1.53959, 2.672751</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

From the above table, it can be observed that Binani Industries Ltd had shown a positive skewness value of 1.712867 during the post-merger announcement period. Similarly, Piramal Healthcare Ltd, Infosys Ltd, Cipla Ltd and Oil & Natural Gas Corp Ltd had shown a positive skewness value of 0.543116, 0.42502, 1.0646623 and 0.32002 during the post-merger announcement period. This shows that there is a positive impact on share prices during the post-merger announcement period for the above said companies. But, Rain Commodities Ltd had shown negative impact on share price during both pre- and post-merger announcement period. Oil & Natural Gas Corp Ltd had shown positive impact on share prices during both pre- and post-merger announcement period.
Table 3: Comparison of the closing prices of the Pre-Merger Announcements and Post-Merger Announcement

<table>
<thead>
<tr>
<th>Companies</th>
<th>Pre-Merger Announcements</th>
<th>Post-Merger Announcements</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Binani Industries Ltd, India</td>
<td>109.3429</td>
<td>123.4286</td>
<td>111.1096</td>
</tr>
<tr>
<td>Piramal Healthcare Ltd, India</td>
<td>439.1929</td>
<td>420.0214</td>
<td>124.7673</td>
</tr>
<tr>
<td>Infosys Ltd, India</td>
<td>2391.407</td>
<td>2573.179</td>
<td>106.3439</td>
</tr>
<tr>
<td>Rain Commodities Ltd, India</td>
<td>43.1</td>
<td>39.15714</td>
<td>4.4000659</td>
</tr>
<tr>
<td>Cipla Ltd, India</td>
<td>386.7214</td>
<td>393.05</td>
<td>95.92286</td>
</tr>
<tr>
<td>Oil &amp; Natural Gas Corp Ltd, India</td>
<td>253.1929</td>
<td>259.05</td>
<td>39.34412</td>
</tr>
</tbody>
</table>

The above table shows that there are positive variances found in all acquiring companies during the study period. Binani Industries had shown a positive variance of 111.1096, Piramal Healthcare Ltd had shown a positive variance of 124.7673, Infosys Ltd had shown a positive variance of 106.3439, Rain Commodities Ltd had shown a positive variance of 4.4000659, Cipla Ltd had shown a positive variance of 95.92286 and Oil & Natural Gas Corp Ltd had shown a positive variance of 39.34412.

Table 4: AAR, CAAR and t-statistic for Acquiring companies

<table>
<thead>
<tr>
<th>Companies</th>
<th>Pre-Merger Announcements</th>
<th>Post-Merger Announcements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>AAR</td>
<td>CAAR</td>
</tr>
<tr>
<td>Binani Industries Ltd, India</td>
<td>0.1032</td>
<td>-0.0192</td>
</tr>
<tr>
<td>Piramal Healthcare Ltd, India</td>
<td>-0.1618</td>
<td>-0.0607</td>
</tr>
<tr>
<td>Infosys Ltd, India</td>
<td>0.0322</td>
<td>0.0289</td>
</tr>
<tr>
<td>Rain Commodities Ltd, India</td>
<td>-0.9074</td>
<td>-0.2790</td>
</tr>
<tr>
<td>Cipla Ltd, India</td>
<td>0.2017</td>
<td>-0.0311</td>
</tr>
<tr>
<td>Oil &amp; Natural Gas Corp Ltd, India</td>
<td>0.0351</td>
<td>-0.0062</td>
</tr>
</tbody>
</table>

It is observed from the above table that average abnormal return and t-statistics of share price have been calculated for above companies. For the Binani Industries Ltd, the average abnormal return for pre-merger and post-merger announcements shows positive performance on share price of 0.1032 and 1.2880. T-statistics was performed to measure the significant difference, during the study period, pre-merger announcement shows a value of 0.1376 and post-merger announcement had shown a value of 0.405. The Company found significant difference in both pre-merger announcement and post-merger announcement. It is tested at 5% level of significant.

Similarly, abnormal return has been computed for Piramal Healthcare Ltd it shows that pre-merger and post-merger announcements shows a negative performance of share price of -0.1618 and -0.3384. T-statistics was performed to measure the significant difference, during the study period, pre-merger announcement shows a value of 0.0926 and post-merger announcement had shown a value of 0.5198. The Company found
significant difference in both pre-merger announcement and post-merger announcement. It is tested at 5% level of significant.

Similarly, abnormal return has been computed for Infosys Ltd it shows that pre-merger and post-merger announcements shows a positive performance on share price of 0.0322 and 0.0321. T-statistics was performed to measure the significant difference, during the study period, pre-merger announcement shows a value of 0.0548 and post-merger announcement had shown a value of 0.1232. The Company found significant difference in both pre-merger announcement and post-merger announcement. It is tested at 5% level of significant.

Similarly, abnormal return has been computed for Rain Commodities Ltd it shows that pre-merger and post-merger announcements shows a negative performance on share price of -0.9074 and -0.0045. T-statistics was performed to measure the significant difference, during the study period, pre-merger announcement shows a value of 0.0888 and post-merger announcement had shown a value of 0.0915. The Company found significant difference in both pre-merger announcement and post-merger announcement. It is tested at 5% level of significant.

Similarly, abnormal return has been computed for Cipla Ltd it shows that pre-merger and post-merger announcements shows a positive performance of share price of 0.2017 and 0.2636. T-statistics was performed to measure the significant difference, during the study period, pre-merger announcement shows a value of 0.3536 and post-merger announcement had shown a value of 0.1345. The Company found significant difference in both pre-merger announcement and post-merger announcement. It is tested at 5% level of significant.

Similarly, abnormal return has been computed for Oil & Natural Gas Corp Ltd it shows that pre-merger and post-merger announcements shows a positive performance of share price of 0.0351 and -0.1162. T-statistics was performed to measure the significant difference, during the study period, pre-merger announcement shows a value of 0.0604 and post-merger announcement had shown a value of 0.0760. The Company found significant difference in both pre-merger announcement and post-merger announcement. It is tested at 5% level of significant.

6. CONCLUSION

This paper examines the announcement effects of merger and acquisition announcement on the selected scrip’s during the period January 2012 to December 2012. An event study is conducted using a ±7 days event window. There is a significant impact with respect to Merger announcement on the acquiring company. Merger announcement have given impact during post-merger announcement period compared with pre-merger announcement period.

7. REFERENCES
http://www.svtuition.org/2010/10/right-shares.html

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Empirical Evidence of Television Advertising Effectiveness on Selected Brands of Cellular Phones

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ABSTRACT: Every day we are watching enumerable advertisements in different media whether in television or newspaper. Watching advertisements became the part of our lifestyle to select any categories of product or any type of brand. In this regard advertisements played a vital role to inform, persuade and remind us on a product. The types of advertisements in different media with specific location are attracting us to select a particular brand. Thus advertising is not only giving us the information but also pulling us to purchase the products. Almost each and every brand of products are associated with advertisements whether a consumer durable or non durable products. It depends on the market capabilities and also with customer demand. Basing on the demand, the company use to select the market as well creates the need and expectation of consumers. Today cellular phone marketing has become the bandwagon of popular media of reaching the target audience. The cellular phone subscribers in the developed world has already reached saturation point with at least one cell phone subscription per person. All these progress is due to the advertising effectiveness in different media which reveals the growth of telecom sector as well as the penetration of brand. In this article the researcher tried to emphasise the effectiveness of television advertising with a particular brand of cell phone subscription and presented it in an empirical manner by the help of tables.

KEY WORDS: Advertising Effectiveness, Brand And Branding, Positioning, Media, Television, TRAI etc.

1. INTRODUCTION: Every day we are watching enumerable advertisements in different media whether in television or newspaper. Watching advertisements became the part of our lifestyle to select any categories of product or any type of brand. In this regard advertisements played a vital role to inform, persuade and remind us on a product. The types of advertisements in different media with specific location are attracting us to select a particular brand. Thus advertising is not only giving us the information but also pulling us to purchase the products. Almost each and every brand of products are associated with advertisements whether a consumer durable or non durable products. It depends on the market capabilities and also with customer demand. Basing on the demand, the company use to select the market as well creates the need and expectation of consumers. Today cellular phone marketing has become the bandwagon of popular media of reaching the target audience. The cellular phone subscribers in the developed world has already reached saturation point with at least one cell phone subscription per person. According to Informatics Research, market growth is being driven by demand from developing countries like China and India led by rapid cellular phone adoption already reached 5.9 billion by 2013. Telecom Regulatory Authority of India (TRAI) has revealed that the country's cell phone subscriber
base has increased from 893.84 million in December 2011 to 903.73 million in January 2012. Telecom operators added 9.88 million cell phone subscribers in January 2012 where total wireless subscriber base increased from 929.37 million in May 2012 to 934.09 million at the end of June 2012, registering a growth of 0.51% (Menon & Ghule, 2012). Research indicated that India is the fastest growing cell phone market in the world. The number of telephone subscriber base in the country reached 671.69 million as on June 30, 2010 from 653.92 million in May 2010, as per the Telecom Regulatory Authority of India (TRAI). According to the latest survey by Voice and Data, Cyber Media group journal, Bharti Airtel declared as India's top mobile phone operator in 2009-10 and captured around 185.92 million people by September 2012. These all progress is due to the advertising effectiveness in different media which reveals the growth of telecom sector as well as the penetration of brand. According to recent information the growth of cell phone subscription is a way of demand created by the advertising effectiveness of the particular brand; it may be television or newspaper. Therefore the researcher gathered the information from the customer database and interpreted for suitable result.

2. SCOPE OF THE STUDY: According to the TRAI report of February 2013, Indian telecom sector have emerged as a most dynamic and fast pace industries with 892.02 million subscribers including 544.86 million in urban and 347.16 million in rural areas. It is fast forward with a growth of 898.02 million in the month of March also which covered 87% private firms and only 12% government sectors. At present Bharati Airtel dominated 21.69% of market share in Indian telecom sector which has 20.58% in 2012. It is all due to the privatization of telecom sector in India. The dominance of private sector and their marketing strategies reveals that the service and the advertising effectiveness worked in a beautiful manner. In terms of making the customers more aware about the product the companies are investing more money on advertisements. As per TAM report, the advertisement expenditure was 279 billion INR in 2011 and expected to grow 449 billion INR in 2016. Among all media television is having 14.7% of growth in 2012 to 2016. Particularly, cell phone service sector advertisement is having 3% of market share in television. However to find out the relevancy of advertising effectiveness with a brand selection the researcher collected the secondary information and implemented in the primary investigation.

3. OBJECTIVE OF THE STUDY:
   - To know the present position of telecom sector in India.
   - To study the market share of different telecom companies in India.
   - To study the advertising effectiveness of different media.
   - To find out the gap between advertising effectiveness of a brand and its penetration in the local market.

4. LITERATURE REVIEW: Advertising as any paid form of non-personal presentation and promotion of ideas, goods, or services through mass media such as newspaper, magazine, television or radio by an identified sponsor (Kotlar, Armstrong, Souder and Wong, 2009). Advertising, in its non-commercial guise, is a powerful tool capable of reaching and motivating large audiences. Although advertising justifies its existence when used in the public interest, it is much too powerful a tool to use solely for commercial purposes (by David Ogilvy a prominent author of advertising). Therefore advertising is any form of non-personal presentation of ideas, goods, or services by the use of mass communication through advertising media such as print, broadcast, cinema, outdoor, or electronic media (Czinkota & Ronkainen, 2001).

4.1 Media Market: The Indian media industry is growing faster with revenues of about 805 billion INR (17.2 billion USD) in 2011, is set to grow robustly over the next few years. The industry revenues are expected to reach 1,764 billion INR (37.6 billion USD) by 2016, with a CAGR of about 17% from 2012 to 2016. Currently, India is only the 14th largest media
market in the world with industry revenues contributing about 1% of its GDP. On the other hand, China is already the third-largest market in the world and is likely to surpass Japan over the next decade to become the second-largest market worldwide, after the US. Advertising spend in the industry was estimated at 279 billion INR in 2011, contributing approximately 35% of total media revenues (pwc media outlook, 2012). However, advertising spend as a percentage of GDP is quite low when compared with other major economies, indicating a high potential for growth. Some of the major cellular companies and their market share presented here to know the position of different brand and its impact on consumer market (Refer table no.1).

Table No.1 As per TRAI report as on September 2012

<table>
<thead>
<tr>
<th>SL.NO</th>
<th>OPERATORS</th>
<th>RANK</th>
<th>MARKET SHARE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Airtel</td>
<td>1</td>
<td>20.58</td>
</tr>
<tr>
<td>2</td>
<td>Vodafone</td>
<td>2</td>
<td>16.88</td>
</tr>
<tr>
<td>3</td>
<td>Reliance</td>
<td>3</td>
<td>14.88</td>
</tr>
<tr>
<td>4</td>
<td>Idea</td>
<td>4</td>
<td>12.77</td>
</tr>
<tr>
<td>5</td>
<td>BSNL</td>
<td>5</td>
<td>10.93</td>
</tr>
<tr>
<td>6</td>
<td>Tata Docomo</td>
<td>6</td>
<td>8.66</td>
</tr>
<tr>
<td>7</td>
<td>Aircel</td>
<td>7</td>
<td>7.26</td>
</tr>
<tr>
<td>8</td>
<td>Uninor</td>
<td>8</td>
<td>4.64</td>
</tr>
<tr>
<td>9</td>
<td>MTS</td>
<td>9</td>
<td>1.85</td>
</tr>
<tr>
<td>10</td>
<td>MTNL</td>
<td>10</td>
<td>0.58</td>
</tr>
</tbody>
</table>

Source: http://www.siliconindia.com/trai/top10

4.1.1 Television Media: The television sector in India is expected to be among the fastest growing with a CAGR of 14.7% (2012 – 2016), faster than other markets such as Russia, Brazil, China and Argentina. India is also projected to surpass Mexico in terms of industry size. Digitisation will play a key role in driving future growth in the Indian market, helping plug subscription revenue leakage, as well as enable high-quality delivery of content to the consumer. Advertising revenues are also expected to grow substantially, in line with overall GDP growth and increasing viewership. Subscription revenue is expected to reach 449 billion INR in 2016, and advertising revenue to reach 225 billion INR in the same period (pwc media outlook, 2012).

4.1.2 Television Advertising: With rapid growth of information technology and electronic media, television has topped the list among the media of advertising. TV has the most effective impact as it appeals to both eye and the ear. Products can be shown, their uses can be demonstrated and their utilities can be told over television. Just like radio, advertisements are shown in TV during short breaks and there are also sponsored programmes by advertisers. Television, like print, also has a vast audience it caters to, consisting of the social classes mentioned before. The language is another important factor here. It is argued by many that television is the most powerful source of advertising (Grant and O'Connor; 2005, Jasperson and Yun, 2007) and is also the most likely form of media to be remembered and discussed by the public (Ford- Hutchinson and Rothwell, 2002.). This is confirmed by a number of studies that show a good response to television advertising, and corresponding commercial spending; a report in the Economist found that “Television remains the most-powerful advertising medium, with a 38% global share of spending on major media in 2004” (The Economist, 2005). Television accounts for the majority of world advertising expenditure, and is undoubtedly powerful enough to generate a return-on-investment on that expenditure, but the notion of it being the most powerful kind of advertising is only true when certain demographics and contexts are considered.

4.1.3 Advertising Effectiveness: Basically advertising effectiveness depends upon user’s response towards an ad and on their attitude towards advertising. Advertising's effectiveness
lies in its capability to help stimulate or maintain sales (Eachambadi 1994; Mantrala, Sinha, and Zoltners 1992; Naik, Mantrala, and Sawyer Sethi 1998). Thus, advertising is frequently used as an independent variable in explaining changes in sales (Lilien, 1994). In the theoretical literature there are two dominant views of the role of advertising, namely the “information” and the “market power” views. Advertising effectiveness of cellular phone companies of 2009 to 2010 with other products is representing here a remarkable growth in market share in television. It reveals the outcome of advertising effectiveness according to TAM report 2011.

Table No.2 Top sectors advertising on television

<table>
<thead>
<tr>
<th>Sector</th>
<th>% share 2009</th>
<th>% share 2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toilet soaps</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>Cellular phone service</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Social advertisement</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Aerated soft drinks</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Shampoo</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>DTH service providers</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Two-wheelers</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Toothpastes</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Cars/jeeps</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Life insurance</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Corporate/brand image</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>DTH service Providers</td>
<td>2</td>
<td>2</td>
</tr>
</tbody>
</table>

Source: TAM

4.1.4 Advertising and Brand Positioning: A strong brand position means the brand has a unique, credible, and sustainable and value placed in the customer’s mind. Brand has the capacity to capture our imagination. There are many images that come to our mind when we think of brands. Companies and brands strive to stand out from the clutter through one or more elements of the brand. The differentiation is the name of the game. The brand name is what most people remember and recall. Advertising is another differentiator which sharply positioned brands stand out from their competition (Sridhar, 2006).

A brand's positioning constitutes not only a powerful factor contributing to its identification, but also an equally powerful instrument of differentiation. Its aim is to facilitate the brand's location in absolute terms, but more importantly, to enable it to be located in relation to its competitors (Lebu, 2006). Lebu (2006) also pointed out that the importance of the brand territory in determining its positioning. This territory is located at the intersection of the brand's character (its status, and the beliefs and emotions surrounding it), the truth about the product (its objective competitive advantage and consumer rationale (the motivations and causes underlying their choices).

In this way Bapna (2005) pointed out that for a brand to succeed in a society in which the volume of mass communication far exceeds what consumers could digest, it must own a simple, focused position in the prospect’s mind. This position should be based upon what was important in the product category, usually a valued benefit or inspirational identity. This provocative image, of brands contesting for scarce mental real estate, staking out adjectives in the customer’s mind, makes for big brands. A good positioning statement should satisfy three requirements. First it should reflect a brand’s competitive advantage and motivate customers to action. Positioning statement for a brand represents how the company wants customers and prospects to think and feel about the brand. Thoughts and feelings should stand out in comparison to competitive offerings and motivate the customer or prospect to want to try the brand (Shimp, 2003)
In the context of the dynamics of the particular marketplace, the positioning of other brands and forecasts of likely directions for the market, the brand manager and the agency have to construct the future scenario and the required values for their brand to achieve increased competitive advantage (Pringles, 2004). In this context the role of advertising and marketing communications usually acts for a brand in one of three main ways: launch, reinforcement or repositioning.

The first of these opportunities to consider is in actually launching the brand in the first place. Here the use of a celebrity can be particularly powerful, especially if the brand is establishing a new category where customers need the reassurance and leadership an appropriate star can give them.

The second way in which advertising can be very effective is in maintaining and reinforcing a brand’s competitive position in the marketplace. Again the use of celebrity can be very effective in this instance, especially if other brands have entered the marketplace and have changed its dynamics.

The third way in which advertising can work for a brand is in repositioning it in the context where market development and the maturing in the evolving of customer taste have created greater potential in a different sector of the market than the one in which the brand is currently positioned. An appropriate celebrity can be used as the focus of the brand communications and as a signal to customers that it’s positioning is changing to suit a new and perhaps emerging target audience (Pringles, 2004). Particularly for selecting a best brand of cell subscription customer often look at the position of the company in local market as well as the connectivity and also they may consider the price. Therefore the best valued brand will always position in the mind set of customers which has already mentioned in TAM report.

5. RESEARCH METHODOLOGY: The objective of the research is to know the perception of the customers on a brand which influence in decision making. In this regard the survey was conducted with a structured questionnaire consisting of 100 samples in Sikakulam district of Andhra Pradesh. The questions were asked randomly to 100 respondents in different time according to their convenience and also avoided the bias responses. The research was prepared with the help of percentage method and made correlation with each variables. There are 10 research questionnaire correlated with 7 brands and 5 media which could give perfect result.
6. DATA ANALYSIS & INTERPRETATIONS:

R.1. Like to watch different advertisement in different media for selecting a brand

<table>
<thead>
<tr>
<th>Brand/Media Ads</th>
<th>News Paper</th>
<th>Radio</th>
<th>Television</th>
<th>Outdoor</th>
<th>Internet</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airtel</td>
<td>6</td>
<td>4</td>
<td>10</td>
<td>10</td>
<td>5</td>
<td>35</td>
</tr>
<tr>
<td>Reliance</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>Idea</td>
<td>3</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>14</td>
</tr>
<tr>
<td>Bsnl</td>
<td>4</td>
<td>4</td>
<td>2</td>
<td>5</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>Vodafone</td>
<td>2</td>
<td>3</td>
<td>7</td>
<td>3</td>
<td>3</td>
<td>18</td>
</tr>
<tr>
<td>Uninor</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>1</td>
<td>0</td>
<td>6</td>
</tr>
<tr>
<td>Tataindicom</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>16</strong></td>
<td><strong>21</strong></td>
<td><strong>28</strong></td>
<td><strong>23</strong></td>
<td><strong>12</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Inference:** The above table shows that Airtel became the dominated brand in all media which occupied around 35% of response and as well advertised more in television.

R.2. My brand of mobile is heavily advertised

<table>
<thead>
<tr>
<th>Brand/Media Ads</th>
<th>News Paper</th>
<th>Radio</th>
<th>Television</th>
<th>Outdoor</th>
<th>Internet</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airtel</td>
<td>5</td>
<td>10</td>
<td>5</td>
<td>5</td>
<td>10</td>
<td>35</td>
</tr>
<tr>
<td>Reliance</td>
<td>1</td>
<td>1</td>
<td>4</td>
<td>1</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>Idea</td>
<td>1</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>3</td>
<td>14</td>
</tr>
<tr>
<td>Bsnl</td>
<td>1</td>
<td>4</td>
<td>6</td>
<td>4</td>
<td>1</td>
<td>16</td>
</tr>
<tr>
<td>Vodafone</td>
<td>3</td>
<td>4</td>
<td>5</td>
<td>5</td>
<td>1</td>
<td>18</td>
</tr>
<tr>
<td>Uninor</td>
<td>0</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>Tataindicom</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>22</strong></td>
<td><strong>24</strong></td>
<td><strong>21</strong></td>
<td><strong>20</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Inference:** The above table shows that Airtel is advertising more on different media out of which television dominated more percentage.

R.3. Preference of the company that given accurate information on the brand

<table>
<thead>
<tr>
<th>Brand/Media Ads</th>
<th>News Paper</th>
<th>Radio</th>
<th>Television</th>
<th>Outdoor</th>
<th>Internet</th>
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<td>6</td>
<td>12</td>
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<td>35</td>
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<tr>
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<td>5</td>
</tr>
<tr>
<td>Idea</td>
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<td>4</td>
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<td>3</td>
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<td>14</td>
</tr>
<tr>
<td>Bsnl</td>
<td>3</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>4</td>
<td>16</td>
</tr>
<tr>
<td>Vodafone</td>
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<td>1</td>
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</tr>
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<td>1</td>
<td>1</td>
<td>2</td>
<td>6</td>
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<td><strong>Total</strong></td>
<td><strong>13</strong></td>
<td><strong>18</strong></td>
<td><strong>28</strong></td>
<td><strong>17</strong></td>
<td><strong>24</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Inference: The above table shows that 28% agreed on the accurate information provided in television where Airtel occupied 35% of responses.

R.4. Watching advertisements regularly

<table>
<thead>
<tr>
<th>Brand/Media Ads</th>
<th>News Paper</th>
<th>Radio</th>
<th>Television</th>
<th>Outdoor</th>
<th>Internet</th>
<th>Total</th>
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</thead>
<tbody>
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<td>4</td>
<td>3</td>
<td>2</td>
<td>3</td>
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<tr>
<td>Vodafone</td>
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<td>4</td>
<td>4</td>
<td>4</td>
<td>2</td>
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<tr>
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<td>2</td>
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<td>6</td>
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<td><strong>21</strong></td>
<td><strong>17</strong></td>
<td><strong>20</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

Inference: The above table shows that 21% of respondents are watching advertisements in television where 35% of respondents are Airtel subscribers.

R.5. Brand selection according to the advertisement published in different media

<table>
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<tr>
<th>Brand/Media Ads</th>
<th>News Paper</th>
<th>Radio</th>
<th>Television</th>
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<td>10</td>
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<td>0</td>
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<tr>
<td>Idea</td>
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<td>1</td>
<td>4</td>
<td>1</td>
<td>6</td>
<td>14</td>
</tr>
<tr>
<td>Bsnl</td>
<td>2</td>
<td>3</td>
<td>5</td>
<td>6</td>
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<td>16</td>
</tr>
<tr>
<td>Vodafone</td>
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<td>2</td>
<td>3</td>
<td>5</td>
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<td>2</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>6</td>
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<td>1</td>
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<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td><strong>20</strong></td>
<td><strong>24</strong></td>
<td><strong>26</strong></td>
<td><strong>100</strong></td>
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</tbody>
</table>

Inference: The above table shows that 35% of the respondents selected their brand preference towards Airtel according to advertisement published in different media and 26% respondents are strongly agreed.

R.6. Importance given to the television advertisement while selecting cellular phones

<table>
<thead>
<tr>
<th>Brand/Media Ads</th>
<th>News Paper</th>
<th>Radio</th>
<th>Television</th>
<th>Outdoor</th>
<th>Internet</th>
<th>Total</th>
</tr>
</thead>
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<td>8</td>
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<td>35</td>
</tr>
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<td>Reliance</td>
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<td>1</td>
<td>2</td>
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<tr>
<td>Idea</td>
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<td>5</td>
<td>6</td>
<td>1</td>
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<td>14</td>
</tr>
<tr>
<td>Bsnl</td>
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<td>3</td>
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<td>16</td>
</tr>
<tr>
<td>Vodafone</td>
<td>2</td>
<td>6</td>
<td>3</td>
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<td>5</td>
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<tr>
<td>Uninor</td>
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<td>2</td>
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<td>6</td>
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<tr>
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<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td><strong>22</strong></td>
<td><strong>23</strong></td>
<td><strong>21</strong></td>
<td><strong>18</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
Inference: The above table shows that 35% of the respondents given much importance to select their brand while watching television advertisement.

### R.7. Network should last for long time

<table>
<thead>
<tr>
<th>Brand/Media Ads</th>
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<th>Radio</th>
<th>Television</th>
<th>Outdoor</th>
<th>Internet</th>
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<td>3</td>
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<tr>
<td>Vodafone</td>
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<td>1</td>
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<td>1</td>
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<td><strong>29</strong></td>
<td><strong>24</strong></td>
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</tr>
</tbody>
</table>

Inference: The above table shows that 29% of television audience agreed on the better connectivity of a cellular network and 35% preferred Airtel’s strongest network.

### R.8. I considered price is an important factor on monthly subscription

<table>
<thead>
<tr>
<th>Brand/Media Ads</th>
<th>News Paper</th>
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<th>Television</th>
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<th>Internet</th>
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<td>5</td>
<td>6</td>
<td>35</td>
</tr>
<tr>
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<td>1</td>
<td>1</td>
<td>1</td>
<td>2</td>
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<tr>
<td>Idea</td>
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<td>3</td>
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<td>14</td>
</tr>
<tr>
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<td><strong>28</strong></td>
<td><strong>19</strong></td>
<td><strong>19</strong></td>
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</tbody>
</table>

Inference: The above table shows that 28% of television audience considered price is an important factor for monthly subscription and as well 35% satisfied with the price of Airtel.

### R.9. Given importance to the services provided by the operator

<table>
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<th>Television</th>
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<td>35</td>
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<tr>
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<tr>
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<td>3</td>
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<td>3</td>
<td>6</td>
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</tr>
<tr>
<td>Uninor</td>
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<td>2</td>
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<td>0</td>
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<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
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<td><strong>17</strong></td>
<td><strong>24</strong></td>
<td><strong>23</strong></td>
<td><strong>20</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
**Inference:** The above table shows that 24% of television audience given importance to the service provided by the operator and Airtel dominated 35% by its strong service.

**R.10. I am always committed to my regular brand of the mobile phones**

<table>
<thead>
<tr>
<th>Brand/Media Ads</th>
<th>Newspaper</th>
<th>Radio</th>
<th>Television</th>
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<td>5</td>
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<td>18</td>
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<td>3</td>
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<td>3</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12</strong></td>
<td><strong>17</strong></td>
<td><strong>29</strong></td>
<td><strong>26</strong></td>
<td><strong>16</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

**Inference:** The above table shows that 29% of television audience commitment towards a brand where 35% respondents are committed towards Airtel.

7. **RESULTS & DISCUSSION:** The present research found that the Indian telecom sector have emerged as a most dynamic and fast pace industries with 892.02 million subscribers including 544.86 million in urban and 347.16 million in rural areas by February 3013, which is grown to 898.02 million in the month of March 2013 covered 87% private firms and only 12% government sectors. At present Bharati Airtel dominated 21.69% of market share in Indian telecom sector which was 20.58% market share in 2012. It is all due to the privatization of telecom sector in India. The dominance of private sector and their marketing strategies reveals that the service and the advertising effectiveness worked in a beautiful manner. In terms of making the customers more aware about the product the companies are investing more money on advertisements in different media like television, newspaper etc. As per TAM report, the advertisement expenditure was 279 billion INR in 2011 and expected to grow 449 billion INR in 2016. Among all the media television is having 14.7% of growth in 2012 to 2016. It reveals the watching behaviour of customers and repeated advertisements. In this research it has been observed that majority of respondents are Airtel customers who given their preference on television advertisements, congruity of a particular brand, likability of advertisements etc. Majority of the respondents considered television is the only medium which given them information and educate them regarding a product. In this regard television advertisement effectiveness worked in a positive sense to capture the attention of the customers. Further it has been observed that advertising and branding is also an important factor for customer while they select a brand.

**REFERENCES:**


*****
Expiry day Impact on return on Indian Stock market (NSE)- an Empirical Study

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\textsuperscript{b} Designation: Professor at RK University, Email: , drvijayvyas@gmail.com

ABSTRACT: Derivative products are alleged to have a sharp affect on the stock market in various ways ever since their inception in June 2000. Currently, derivative trading constitutes approximately 90% of the total turnover of the NSE (National Stock Exchange). Launching of derivatives and their expiration (last Thursday of every month) in the Indian stock market has been perceived to have direct corollary on the return, volatility, efficiency and marketability of the stock market. This paper tries to analyze empirically the expiration day effect of stock derivatives on underlying securities. This study tests the presence of the last Thursday of the month effect on stock market volatility by using the S&P 500 market index during the period of January 2012 and December 2012 and sample companies which are trading on derivative market. The findings show that the last Thursday of the month effect on stock market volatility is not present in volatility and return equations.

Keywords: Expiry day, last Thursday impact, derivatives

INTRODUCTION

In India, trading in derivatives started in June 2000 with the launch of futures contracts in the BSE Sensex and the S&P CNX Nifty Index on the Bombay Stock Exchange (BSE) and National Stock Exchange (NSE), respectively. Options trading commenced in June 2001 in the Indian market. Since then, the futures and options (F&O) segment has been growing continuously in terms of new products, contracts, traded volume and value. At present, the NSE has established itself as the market leader in this segment in India, with more than 99.5 percent market share (NSE Fact Book, 2006, p. 85). The F&O segment of the NSE outperformed the cash market segment with an average daily turnover of Rs291.91 billion, as compared to Rs114.79 billion in the cash segment from 2006 to 2007 (Derivatives Updates on NSE website, www.nseindia.com, 2007). This shows the importance of derivatives in the capital market sector of the economy. Previous studies on the volatility effects of derivatives listing provide mixed results, suggesting case-based biases. In addition, in India, there is a lack of robust examination of the impact of derivatives on market volatility. In India, trading in derivatives contracts has existed for the last six years, which is an adequate time period to evaluate its major pros and cons. Against this backdrop, it is important to empirically examine the impact of derivatives on the stock market.

In this paper, we attempt to study the volatility implications of the introduction of derivatives on the cash market.
LITERATURE REVIEWS

Literature that shows the impact of expiration day of derivatives (financial) on stock market to international market is as follows:

Rahman (2001) examined the impact of index futures trading on the volatility of component stocks for the Dow Jones Industrial Average (DJIA). The study used a simple GARCH (1, 1) model to estimate the conditional volatility of intra-day returns. The empirical results confirm that there is no change in conditional volatility from pre- to post-futures periods. Figuerola-Ferretti and Gilbert (2001) used error-correction models and the GARCH (1, 1) regression model to study the effect of futures trading on volatility. In addition, they reported the results of a VAR model and presented an impulse response analysis to track the effects of a shock to each of the volatilities. The results show that volatility decreases in the post-futures period. Bologna and Cavallo (2002) examined the effect of the introduction of stock index futures for the Italian market. Their empirical results show that the introduction of stock index futures affects the volatility of the spot market. In addition, the results from various GARCH (1, 1) models for pre-futures and post-futures sub-periods suggest that the index futures market reduces volatility.

Chow Y.F., Yung H.M. and Zhang H (2003) observed the impact of the expiration of HSI (Hang Seng Index) derivatives on the underlying cash market in Hong Kong for the period from 1990 to 1999. The study used an alternative setting for testing the expiration day and concluded that expiration days in Hong Kong might be associated with a negative price effect and some return volatility on the underlying stock market. But there was no evidence of the abnormal trading volume on the expiration day or price reversal after expiration. Hence, the existence of expiration-day effects could not be confirmed in the Hong Kong market.

Lien D and Yang L (2005) compared the expiration-day impact of the stock options traded on Australian Stock Exchange on return, volatility, trading volume, and temporary price changes of individual stocks with settlement method of individual stock futures contracts. The period of study was from 1993 to 1997. The study concluded that the options expiration has significant impact on return and volatility of the underlying stocks in absence of individual stock futures. After introduction of a cash-settled stock future contract, the effect decrease notably. And then the switch of a futures contract from cash settlement to physical delivery promotes the expiration effects on return and volatility and boosts temporary price change on expiration days. Finally, the study concluded that options expiration has little effect on trading volume.

Chou HC, Chen NW, Chen HD (2006) examined the expiration effects of TAIFEX index derivative on the underlying stock market between 1998 and 2002. The empirical findings showed no significant expiration day effect, but concluded that expiration effect has strengthened as more relative index derivatives are listed on the TAIFEX. In general, the research concluded that the expiration effects in Taiwan are not as significant as those in U.S. market but are stronger than those in the Hong Kong market. The special settlement procedures adopted by the TAIFEX may account for the difference.

Drimbetas, Nikolaos and Porfiris (2007) explored the effects of the introduction of futures and options into the FTSE/ASE 20 Index on the volatility of the underlying index using an EGARCH model. It is shown that the introduction of derivatives induces a reduction of conditional volatility in the FTSE/ASE20 Index and consequently increases its efficiency. Mallikarjunappa and Afsal (2007) studied the volatility behaviour of the Indian market by focusing on the CNX IT Index, which is a sectoral index, and found that underlying volatility increases with the onset of futures trading. Their result contradict many other studies carried out in India, and it is reasoned that the sectoral index showed different behaviour in terms of returns and volatility, especially during the 2001 period of market scam in India. They attributed these results to a sharp decrease in the prices of IT stocks after the stock market scam broke out in 2001. Since the sectoral index showed different results than those
of earlier studies, these results must be examined as to whether they hold for the Indian market when a broader market index is studied. Their study also pointed out that results depend on the time period as well as the country studied. These results indicate the needed scope for further research as well as suggest the relevance of different samples and methodologies.

Studies given below shows previous researches on expiration effect of derivatives on Indian Stock Market:

**Vipul (2005)** examined the future and option expiration effect on selected 14 stocks of Indian capital market. The study compared the price, volatility, and volume of the underlying shares in the cash market one day prior to expiration, on the day of expiration and one day after expiration with the corresponding values of these variables one week and two weeks prior to the expiration days by using the Wilcoxon matched-pairs signed-ranks test. It was found that prices in the cash market were depressed a day before the expiration on the derivative contracts, but got strengthened significantly the day after the expiration.

**Jindal and Bodla (2007)** analyzed the effect of expiration of stock derivatives on the volatility and marketability of Indian stock market as well as the underlying individual stocks. The results presented that the expiration days of financial derivative witnessed an abnormally high volume trading which was attributed to arbitrage activities in the market. This clearly shows that expiration day results into high volatility in the stock market.

**Bhaumik Sumon and Bose Suchismita (2007)** analyzed the impact of expiration of derivative contracts on the underlying cash market, trading volume, and volatility of returns. The tool used for analysis was AR-GARCH. The study concluded that trading volume were significantly higher on expiration days and during the five days leading up to expiration days (“expiration weeks”), compared with non-expiration days (weeks). The study also showed that expiration day has a significant effect on daily returns of market index and their volatility.

**Watsu Sangeeta (2010)** examined the impact of expiration of spot market volatility using NSE Nifty as market proxy. The study indicated that due to the introduction of future and option, the spot market volatility has increased on the expiration days and expiration weeks. The study also concluded that expiration week effect on volatility of the spot market is more predominant than expiration day effect.

**Shembagaraman (2003)** explored the impact of the introduction of derivative trading on cash market volatility using data on stock index futures and options contracts traded on the Nifty Index. The results suggest that futures and options trading has not led to a change in the volatility of the underlying stock index, but the nature of volatility seems to have changed in the post-futures market. The study also examined whether greater futures trading activity in terms of volume and open interest was associated with greater spot market volatility. It found no evidence of any link between trading activity variables in the futures market and spot market volatility.

**RESEARCH METHODOLOGY:**

Expiration day effect of derivatives on the returns of the underlying stocks:

To analyze the expiration day effect on the returns of the underlying securities event study methodology has been adopted. The event in this case is defined as expiration of stock derivatives. Data for the share prices has been collected from the official website of National Stock Exchange (www.nseindia.com). For calculation purposes the following steps has been followed:

The actual returns for individual securities and S&P CNX NIFTY have been calculated for estimation window. The following formulas have been used for this purpose:

\[ R_t = \frac{(P_t - P_{t-1})}{P_{t-1}} \]  
\[ R_{nifty} = \frac{(I_t - I_{t-1})}{I_{t-1}} \]
Where $R_t$ and $R_{nifty}$ are the returns of individual security and S&P CNX NIFTY respectively. $P_t$ and $P_{t-1}$ is the price of individual security at time $t$ and $t-1$ respectively. $I_t$ and $I_{t-1}$ is the value of S&P CNX NIFTY at time $t$ and $t-1$ respectively.

Expiration day effect of derivatives on the volatility of the underlying stocks:

This part of the study evaluates the expiration day effect on the volatility of the underlying securities during the period ranging from 1st January 2012 to 31st December, 2012 for 10 selected scripts in the form of stock options. Stock option trading was allowed on 31 securities at the time of inception of derivatives trading. Out of these stocks, that created history by introducing derivatives for the first time in Indian capital market. The data has been collected from the official website of National Stock Exchange (www.nseindia.com) and includes daily observations for the closing prices of the underlying stocks.

TOOL USED:

$t$-test:-

In testing the null hypothesis that the population mean is equal to a specified value $\mu_0$, one uses the statistic

$$t = \frac{\bar{X} - \mu_0}{s/\sqrt{n}}$$

where $\bar{X}$ is the sample mean, $s$ is the sample standard deviation of the sample and $n$ is the sample size. The degrees of freedom used in this test is $n - 1$.

For analyzing the volatility structure, Regression is used due varying nature of volatility, which also provides an avenue for verifying the presence of endogenous drivers of volatility shifts.

Regression Equation $= a + bx$

Slope $(b) = (N \Sigma XY - (\Sigma X)(\Sigma Y)) / (N \Sigma X^2 - (\Sigma X)^2)$

Intercept $(a) = (\Sigma Y - b(\Sigma X)) / N$

where $r_a$ measures the rate of return of the asset, $r_b$ measures the rate of return of the portfolio benchmark, and $cov(r_a, r_b)$ is the covariance between the rates of return. The portfolio of interest in the CAPM formulation is the market portfolio that contains all risky assets, and so the $r_b$ terms in the formula are replaced by $r_m$, the rate of return of the market.

Beta is also referred to as financial elasticity or correlated relative volatility, and can be referred to as a measure of the sensitivity of the asset's returns to market returns, its non-diversifiable risk, its systematic risk, or market risk. On an individual asset level, measuring beta can give clues to volatility and liquidity in the marketplace. In fund management, measuring beta is thought to separate a manager's skill from his or her willingness to take risk

EMPIRICAL RESULT:

This paper has tried to examine the expiration day effect of derivatives on return and volatility of the underlying securities. To test this Regression test has been used.

Table 1(a) shows percentage change in return of selected stocks return on last Thursday of every month and return of nifty of last Thursday of every month.
<table>
<thead>
<tr>
<th>Monts</th>
<th>AXIS</th>
<th>BOI</th>
<th>ACC</th>
<th>HDIL</th>
<th>HLL</th>
<th>INDIA INFO LINE</th>
<th>MARUTI</th>
<th>RCOM</th>
<th>TCS</th>
<th>GLEX</th>
</tr>
</thead>
<tbody>
<tr>
<td>JAN</td>
<td>2.392</td>
<td>-</td>
<td>0.407</td>
<td>0.356</td>
<td>4.213</td>
<td>0.012</td>
<td>2.4545</td>
<td>2.0527</td>
<td>0.627</td>
<td>0.283</td>
</tr>
<tr>
<td>FEB</td>
<td>0.636</td>
<td>-</td>
<td>0.881</td>
<td>1.276</td>
<td>6.208</td>
<td>2.929</td>
<td>-2.4658</td>
<td>-0.8985</td>
<td>-1.128</td>
<td>0.860</td>
</tr>
<tr>
<td>MAR</td>
<td>2.176</td>
<td>-</td>
<td>1.072</td>
<td>0.188</td>
<td>0.665</td>
<td>-0.644</td>
<td>5.6098</td>
<td>2.0355</td>
<td>-0.721</td>
<td>-0.851</td>
</tr>
<tr>
<td>APR</td>
<td>-</td>
<td>-</td>
<td>0.853</td>
<td>1.995</td>
<td>1.283</td>
<td>-0.813</td>
<td>-6.3149</td>
<td>0.1413</td>
<td>-3.417</td>
<td>2.106</td>
</tr>
<tr>
<td>MAY</td>
<td>-</td>
<td>-</td>
<td>1.486</td>
<td>8.189</td>
<td>1.045</td>
<td>4.669</td>
<td>2.209</td>
<td>0.5030</td>
<td>-2.5465</td>
<td>2.006</td>
</tr>
<tr>
<td>JUNE</td>
<td>-</td>
<td>-</td>
<td>0.244</td>
<td>0.316</td>
<td>0.736</td>
<td>0.987</td>
<td>-2.7027</td>
<td>-0.5413</td>
<td>-1.198</td>
<td>0.954</td>
</tr>
<tr>
<td>JULY</td>
<td>-</td>
<td>-</td>
<td>3.164</td>
<td>3.614</td>
<td>1.726</td>
<td>0.481</td>
<td>-2.2031</td>
<td>-0.1306</td>
<td>-5.507</td>
<td>0.847</td>
</tr>
<tr>
<td>AUG</td>
<td>-</td>
<td>-</td>
<td>0.661</td>
<td>0.426</td>
<td>0.274</td>
<td>0.791</td>
<td>1.859</td>
<td>-0.2732</td>
<td>-1.833</td>
<td>-0.976</td>
</tr>
<tr>
<td>SEPT</td>
<td>-</td>
<td>-</td>
<td>0.458</td>
<td>2.297</td>
<td>1.205</td>
<td>1.785</td>
<td>1.481</td>
<td>0.1730</td>
<td>0.9978</td>
<td>0.543</td>
</tr>
<tr>
<td>OCT</td>
<td>1.487</td>
<td>-</td>
<td>0.535</td>
<td>0.391</td>
<td>2.318</td>
<td>-1.226</td>
<td>0.1474</td>
<td>-0.0110</td>
<td>-1.219</td>
<td>0.696</td>
</tr>
<tr>
<td>NOV</td>
<td>1.479</td>
<td>-</td>
<td>0.988</td>
<td>0.794</td>
<td>5.282</td>
<td>1.471</td>
<td>2.7152</td>
<td>-0.7267</td>
<td>2.215</td>
<td>1.467</td>
</tr>
<tr>
<td>DEC</td>
<td>0.760</td>
<td>-</td>
<td>0.619</td>
<td>1.183</td>
<td>0.724</td>
<td>-1.295</td>
<td>-0.1202</td>
<td>-0.5369</td>
<td>-0.745</td>
<td>1.076</td>
</tr>
</tbody>
</table>

Table 1 shows figures for average returns for selected F&O scripts calculated by $R_t = (P_t - P_{t-1})/P_{t-1}$ and figures in table 1(b) shows average returns for Nifty returns for last Thursday calculated by $R_{nifty} = (I_t - I_{t-1})/I_{t-1}$. 
Table 2 Analyzing the Expiration Day Effect of Stock Derivatives on the Volatility of the Underlying Securities

<table>
<thead>
<tr>
<th>Company</th>
<th>Regression</th>
</tr>
</thead>
<tbody>
<tr>
<td>AXIS</td>
<td>0.187005413</td>
</tr>
<tr>
<td>BANK OF INDIA</td>
<td>0.397788964</td>
</tr>
<tr>
<td>ACC</td>
<td>0.000910665</td>
</tr>
<tr>
<td>HDIL</td>
<td>0.283723073</td>
</tr>
<tr>
<td>HINUDSTAN LEVER</td>
<td>0.019167668</td>
</tr>
<tr>
<td>INDIA INFOLINE</td>
<td>0.437000521</td>
</tr>
<tr>
<td>MARUTI</td>
<td>0.016790362</td>
</tr>
<tr>
<td>RCOM</td>
<td>0.601228648</td>
</tr>
<tr>
<td>TCS</td>
<td>0.038150422</td>
</tr>
<tr>
<td>GLEXO</td>
<td>0.002929146</td>
</tr>
</tbody>
</table>

Table 2 shows regression analysis of selected companies for the research. The test shows that whether companies are having impact on changes in the NIFTY returns or not. From the analysis it can be interpreted that company like RCOM having impact on last Thursday up to 60.12% i.e. changes in the NIFTY prices up to 60.12% can be directly identifiable because of RCOM, Indian Infoline is having 43.70% impact while Bank of India is having 39.77% impact on NIFTY return, while others are having quite less impact on NIFTY returns which can be called as negligible impact.

Results of T-test:
Table 3 shows analysis of t-test calculation for the Expiration Day Effect of Stock Derivatives on the Volatility of the Underlying Securities
H0: there is no significance impact of F&O stocks on Nifty returns.

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>t calculated</th>
<th>t critical</th>
<th>accept/reject</th>
</tr>
</thead>
<tbody>
<tr>
<td>AXIS</td>
<td>0.247525</td>
<td>1.770933</td>
<td>accept</td>
</tr>
<tr>
<td>BANK OF INDIA</td>
<td>0.217946</td>
<td>0.217946</td>
<td>accept</td>
</tr>
<tr>
<td>ACC</td>
<td>-0.40573</td>
<td>1.75305</td>
<td>accept</td>
</tr>
<tr>
<td>HDIL</td>
<td>0.346873</td>
<td>1.782288</td>
<td>accept</td>
</tr>
<tr>
<td>HINUDSTAN LEVER</td>
<td>0.838963</td>
<td>1.770933</td>
<td>accept</td>
</tr>
<tr>
<td>INDIA INFOLINE</td>
<td>-0.28722</td>
<td>1.782288</td>
<td>accept</td>
</tr>
<tr>
<td>MARUTI</td>
<td>-0.44367</td>
<td>1.76131</td>
<td>accept</td>
</tr>
<tr>
<td>RCOM</td>
<td>-1.3712</td>
<td>1.782288</td>
<td>accept</td>
</tr>
<tr>
<td>TCS</td>
<td>2.457744</td>
<td>1.745884</td>
<td>accept</td>
</tr>
<tr>
<td>GLEXO</td>
<td>-0.81467</td>
<td>1.739607</td>
<td>accept</td>
</tr>
</tbody>
</table>

The above table shows analysis of t-test for the selected companies for impact of last Thursday on NSE India. By applying t-statistics it can be interpreted that there is no impact of trading activity of
F&O companies on NSE returns. From the test it's clear that returns on Nifty is statistically independent and having less impact of returns of F&O stocks.

CONCLUSION

The empirical study revealed the impact of expiration day on the return and volatility of underlying stocks. The study indicates a significant effect of expiration day on the returns of the underlying securities. This price effect of expiration can be due to the cash settlement mechanism of futures contracts which facilitate the unwinding of arbitrage positions causing price distortions and also position adjustments by the market makers. As a whole, it can be said that the returns and volatility in returns is higher on expiration days as compared to other days. But the changes in the prices are not because of only expiration impact, due to some other factors also. The results obtained also signify that on expiration day, not all the companies which are trading in futures and options are having impact on cash market, but changes in the cash market price it can also because of the arbitrageurs and speculators join the market to take advantage of price differentials and price discovery.

REFERENCES:


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OPINION OF INDIAN RETAILERS ON THE IMPACT OF FDI POLICY AMENDMENTS ON THE EXISTING INDIAN RETAIL MARKET: A SELECTIVE STUDY

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ABSTRACT: This paper seeks to know the correspondence opinion of Indian retailers including traditional and organized retailers upon the impact of FDI policy amendments made by the Indian government on the Indian retail market. In methodology, purposive sampling technique was used for collecting 43 samples, out of which 32 samples had provided the data. The schedule had become a data collection tool whereas descriptive statistics and Mann – Whitney U test was used for analyzing the data. The results gave about 57.14% of organized retailers agreed in gaining employment opportunities by allowing FDI. From the survey, it was also found that 53.13% and 65.63% of all retailers had also agreed with the decrement in store profits and store sales respectively. In conclusion, the results found matching the perspective of traditional and organized retailers. With the direct opinion of retailers, only 37.5% have agreed and 62.5% have not agreed for allowing FDI. In limitation, the survey results are confined to an area in Hyderabad, Andhra Pradesh. In practice, this paper can bring to the awareness about FDI and its impact on the existing retailers that help them in building their competitive strategies to sustain and growth.

Keywords: Traditional retailers; organized retailers; Mann-Whitney U test; descriptive statistics; FDI

I. INTRODUCTION

The size of Indian retail market is USD 435billions (Mukherjee and Kalbag 2011) out of which the modern retail represents only 7%, indicates a room of 93% for the organized retailers to grab. Globally, India has secured the fifth position in retail expansion attractiveness (Global Retail Expansion: Keeps on Moving, 2012) and secured position as the second most attractive Investments destination (Cautious Investors Feed a Tentative Recovery, 2012) for the retailers from the surveys conducted by AT Kearney. Therefore, the Indian retail market is becoming a hottest destination for foreign retailers across the globe. It is also observed from these studies that size of consumer market and its growth draw investors to these emerging markets. Not only this the permission of 100% Foreign Direct Investment (FDI) in cash and carry wholesale trading in 1997 under government route and further acceptance of it under automatic route in 2006 have provided opportunity for retailing big shots like Wal-Mart (USA), Carrefour (French), Metro AG (German), Booker (UK) and Woolworths (Australia) running together almost forty stores in India, with huge plans for rolling their stores in future. The decision of the government to allow 100% in single brand retailing and 51% in multi-brand retailing by the union cabinet (Ghosh, Ray, & Shah, 2011) may provide wings for the foreign retailers. Now, there arises a need for studying the impact of these FDI reforms made by the government on traditional as well as organizational retailers in India, is the point of study of this paper. The present study and results are confined to an area considered for the survey in Hyderabad, Andhra Pradesh and the segments covered under survey are food and Grocery, Clothing and textile, Books & music and footwear only. The study can be enhanced for more areas for better response and suitability. The second section deals with Literature review and the third deals with
objectives followed by methodology in the fourth, results in the fifth section, findings in the sixth and finally deals with Discussion in the seventh including conclusion. Let us move to the next section, Literature Review.

II. LITERATURE REVIEW

2.1 Definition
In layman’s terms, FDI is “outsider’s cash invested directly into the production sector of another country” (Sudh, 2006). The foreign direct investment purpose is to produce units or to purchase a company or a part of it for selling goods or services to the market where it has entered. In all cases, profit is the motive.

2.2 FDI Reforms
In 1995, the Wholesale and Retailing services came into effect under General Agreement on Trade in Services (GATS). After which in 1997, 100% FDI in cash and carry in wholesale trading was allowed under the government approval route and in 2006, it was brought under automatic route. Simultaneously, the Indian government has permitted 51% of investments in single brand retailing (Shrivastava, Shira, Devonshire-Ellis, & Associates, 2012). Metro AG was the first international retailer entered into the Indian retail market as a cash and carry wholesaler in 2003 with a store in Bangalore (Singh, 2011). Presently, it has eleven retail outlets in India. The Indian retail market got expanded with the further entry of other players like Woolworths of Australia in 2006 (operating six locations), Wal-Mart of the United States (Operating 17 stores) and Booker of United Kingdom (Operating 4 stores) in 2009 and Carrefour of France (Operating 2 stores) in 2010 (Mukherjee N., 2012). On 10th January 2012, Indian government lifted the existing FDI norms in single brand retailing i.e. 51% and made it 100% (India Today Online: story, 2012), paving the way for big single brand retailer chains like Adidas, Gucci, Louis Vuitton, Nike, Apple, IKEA and for so many others those are waiting for the opportunity to clutch. Pavers limited, a UK based footwear company sells its leather footwear products under the brand “Pavers England”, become the first retailer to seek the government approval to operate without a local partner after the announcement of 100% FDI made in single brand retailing in India. Later IKEA, Swedish home furnishing major approached government with a proposal of investing Rs.10,500 cr to set up 25 stores across the country (Home: story, 2012). But it was said from the studies that 100% in single brand is not encouraging the foreign players to operate because it makes them to source 30% of the goods they sell in India from the local SMEs and cottage industries artisans and craftsmen. In Multi-brand retail also the conditions are such, which may make the retailers think twice to enter. The conditions are like a minimum investment of USD 100millions to be kept and stores are restricted to those cities(53) with a population of one million or more within 10 kms of area. Not only this, 30% of manufactured items should be procured from the local SMEs (Ghosh, Ray, & Shah, 2011).

2.3 Agitations against FDI
The announcement of FDI in retail made so many activities to protest the decision leads to Pan-India Bundh on December 1st, 2011 (Financial Express.com, 2011). The secretary general of Confederation of All India Traders (CAIT), Shri. Praveen Khandelwal said that nearly five crore traders from 10,000 trader’s bodies are participating in bandh across the country. Major contributors are from Tamil Nadu(20 lakh traders), Maharashtra (35 lakh traders), West Bengal (5 lakh traders) and others are Bihar, Andhr Pradesh, Assam, Orissa, Karnataka and Delhi as specified in the report. The trader and their associations believe that the farmers and local traders won’t get benefited. Even the chief ministers of certain states are not willing to allow FDI in their states as they themselves stated openly (Vakayil, 2011).

2.4 Opinion on FDI Amendments
One of the studies conducted a survey at Chandigarh (Gupta, 2012) to know the “reaction towards the recent announcement of allowance to foreign groups to own up to 51% in Multi-brand retailing”, upon 200 customers, 14 vegetables and fruit halkers, 26 Mom and Pop stores and 2 organized retailers, provided responses as follows. In one case, 66% of customers welcome the decision and
34% of customers are not willing to welcome the decision. In the other, vegetable & hawkers' and Mom & Pop stores reacted quite opposite where 86% of them have opposed the decision as they believe it may affect their business, only 4% are in favor as they believe that they get benefited from the competition between locally organized and the entered foreign players and 10% of them can’t able to express their opinion.

Another researcher has conducted a study (Kore, 2012) on the “Impact of FDI in retail sector” by considering the secondary sources available to him. The study concluded that there are several factors affecting by FDI such as Economy, producers, suppliers and farmers. FDI provides employment for 1 crore personnel increases economy, but what about 10 crore retailers is a point of discussion. It was concluded that semi-urban retailers may not worry as foreign retailers can’t open their stores in those towns where the population is below 10 lakhs as per the specified regulations.

The other study (Baskaran, 2012) has discussed certain myths with which the Wal-mart, Carrefour and other retailers play in International destinations. Especially, the myths about Wal-mart was totally exposed in best seller “Wal-mart effect” by Charles Fishman. The myths stated are localization, an ally (friend) of small retailers, provide quality jobs, help develop and grow local suppliers. But it was said these are not realities. Apart several other myths are also stated by the study, some of them are low price offerings, eliminating middlemen, generates employment, farmer gets better deal, corporate sells fresh, promotes local economy, efficient supply chain, sell cheap and consumers save money. These are the reasons to be understood to conclude why an FDI is a bad idea. But from the reports the key perceived benefits are improvement in supply chain/distribution efficiencies, reduce inflationary pressures, improvement in productivity and realizations for farmers eliminating middle men, stimulates the local technical know-how and employment generation of around 10 million jobs (Ghosh, Ray, & Shah, 2011). The driving factors of Indian retail market are increasing disposable Income, increase in dual income nuclear families, changing lifestyle and consumer behavior, experiments with formats, store design, low sharing of organized retailing, credit availability and fall in real estate prices may lead FDI growth in India (Handa & Grover, 2012). All this literature leads to an attempt in knowing the actual impact of FDI amendments on Indian retailers that acts as a base for the objectives under study. Let us move to Research methodology.

III. OBJECTIVES OF THE STUDY
The objectives of the study are as follows,

1. To study the individual opinion of Traditional as well as Organized retailers on the impact of FDI amendments on the existing Indian retail market.
2. To analyze the corresponding opinion between the traditional and organized retailers upon the impact of FDI amendments on the existing Indian retail market.

The study goes ahead with a single Hypothesis statement as follows:

Null Hypothesis H₀ : There is a corresponding opinion between the traditional and organized retailers upon the impact of FDI amendments on the existing Indian retail market.

Alternative Hypothesis H₁ : There is no corresponding opinion between the traditional and organized retailers upon the impact of FDI amendments on the existing Indian retail market.

IV. RESEARCH METHODOLOGY
The following methodology was adopted for fulfilling the objectives and for testing the hypothesis of the study.

4.1 Research Design
In this study, it requires a research design that best suits for describing the opinions or Interests of population on the subject chosen and the results cannot be generalized to the other retailers in other area as the demographic, social, economic, political, technological factors vary. Therefore, the research design chosen was descriptive research that better suits in obtaining the opinion of retailers.

4.2 Sampling size
The sample size is chosen as a 50 as the numbers of retail outlets in the chosen area are approx. 80 in number, out of which tailoring shops, Xerox shops, Tiffin centers, curry points, barber shops and
sweet shops cover 30 outlets. The survey was able to fill 43 schedules out of 50, where only 32 schedules were provided with sufficient data for analysis. The rest of the 11 schedules were unanswered by the retailers.

4.3 Sampling Procedure
The purposive sampling is used in picking the sample units, as the selected area also includes unwanted units as mentioned in the above section 4.2.

4.4 Data collection method
The face to face method is a survey method, which was used for data collection using a schedule as a data collection tool. The schedule was used as the researcher was directly involved in conducting the survey. In the schedule, Likert scale was used on a 5 point scale ranging from 1 to 5 indicating 1 as strongly disagree and 5 as strongly agree with relevant intermediate options. The schedule includes broadly four questions with internal supporting factors. The first question is a dichotomous one i.e. yes/No type question. Second one is to know the type of retailer. The third question is on the opinion of organized retailers and fourth on the opinion of traditional retailers upon twelve factors and five factors respectively, on the impact of FDI roll out on the Indian retail market.

4.5 Data analysis
In this study, the descriptive statistics and Mann-Whitney U test are used for data analysis. In detail, descriptive statistics are used to analyze the individual opinions of retailers on respective factors whereas Mann-Whitney U test, a non-parametric test was used to analyze the corresponding opinion of retailers. Under descriptive statistics, the mode was preferred for analyzing the data obtained from the Likert scale (ordinal scale), whose data cannot be analyzed using mean. In this study, the opinion of organized retailers and traditional retailers was compared, where the sizes are unrelated i.e. 7 and 25 respectively. For such cases, studies suggest that the Mann-Whitney U test as an appropriate test. The statistical tool used for computing Mann-Whitney U test was statext v1.5 software. Let us move towards the result analysis.

V. RESULT ANALYSIS
A. As discussed above, the study was conducted by using a schedule with four questions and got distributed and obtained responses from 32 retailers. The question wise analysis is shown below.

Question 1: Have you ever heard about Foreign Direct Investment-FDI?
Response 1: Out of 32 retailers, 11 retailers have not heard about FDI. The reason is that they can’t understand the English language. But they knew the concept behind it.

Question 2: From the following, choose the option you belong. (Either traditional or organized retailer)
Response 2: Out of 32, 25 are traditional and 7 are organized retailers.

Question 3: Express your opinion on the following statements on the impact of FDI allowed in single/ Multi-brand retailing on the organized retailing in India.
Response 3: The responses are asked for 12 options placed under Likert scale as shown in the schedule in Appendix. The mode was applied and the responses are shown in Table.1, in a sequential order matching with the schedule.

i. In total, all the organized retailers have agreed that FDI permit improves employment opportunities, where 57.14% have strongly agreed.

ii. 85.71% of organized retailers agreed that FDI permit decreases the customer’s footprint in their stores.

iii. 57.15% of the organized retailers are disagreeing that there will be decrease in store profits due to FDI.

iv. 71.43% of organized retailers agreed to have a decrement in store sales.

v. Can’t say situation, in terms of decision towards providing more quality products by retailers entering through FDI to Indian customers.

vi. Almost all have agreed that there be availability of abundant products to the customer.
vii. About 57.15% have agreed to provide products at competitive prices irrespective of the entry of foreign retailers through FDI policy.

viii. 85.71% of organized retailers have agreed that allowing FDI will disrupt the livelihood of poor people engaged in this trade of retailing.

ix. 57.14% of organized retailers have agreed that the entry of foreign retailers through FDI will improve the efficiency of existing supply chain.

x. Can’t say situation towards the increase in real estate rates. Only 28.57% of organized retailers have agreed and the same percentage of them has disagreed.

xi. Only 42.86% of organized retailers have expressed their opinion towards welfare of farmers stating that they may not get better prices.

xii. 57.15% of organized retailers have agreed that the FDI permit may cause inflation.

Table 1. Opinion of Organized Retailers on FDI’s Impact on Indian retailers

<table>
<thead>
<tr>
<th>Organized Retailers opinion on FDI</th>
<th>Ratings</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3Q</td>
<td>SD</td>
<td>D</td>
<td>UD</td>
<td>A</td>
<td>SA</td>
</tr>
<tr>
<td>Improves retail employment</td>
<td>%</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>42.86</td>
<td>57.14</td>
</tr>
<tr>
<td>opportunities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decreases customers footprint</td>
<td>%</td>
<td>0.00</td>
<td>14.29</td>
<td>0.00</td>
<td>28.57</td>
<td>57.14</td>
</tr>
<tr>
<td>Decreases store profits</td>
<td>%</td>
<td>14.29</td>
<td>42.86</td>
<td>0.00</td>
<td>14.29</td>
<td>28.57</td>
</tr>
<tr>
<td>Decreases store sales</td>
<td>%</td>
<td>0.00</td>
<td>28.57</td>
<td>0.00</td>
<td>42.86</td>
<td>28.57</td>
</tr>
<tr>
<td>Provides more quality products</td>
<td>%</td>
<td>0.00</td>
<td>28.57</td>
<td>42.86</td>
<td>14.29</td>
<td>14.29</td>
</tr>
<tr>
<td>customers than us</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Availability of abundant products</td>
<td>%</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>42.86</td>
<td>57.14</td>
</tr>
<tr>
<td>to the customer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provide products at competitive</td>
<td>%</td>
<td>0.00</td>
<td>14.29</td>
<td>28.57</td>
<td>14.29</td>
<td>42.86</td>
</tr>
<tr>
<td>prices</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disrupt the livelihood of poor</td>
<td>%</td>
<td>0.00</td>
<td>14.29</td>
<td>0.00</td>
<td>28.57</td>
<td>57.14</td>
</tr>
<tr>
<td>people in this trade</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Improves Supply chain</td>
<td>%</td>
<td>0.00</td>
<td>42.86</td>
<td>0.00</td>
<td>57.14</td>
<td>0.00</td>
</tr>
<tr>
<td>Increases Real Estate rates</td>
<td>%</td>
<td>0.00</td>
<td>28.57</td>
<td>42.86</td>
<td>28.57</td>
<td>0.00</td>
</tr>
<tr>
<td>Farmers will not get better prices</td>
<td>%</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>42.86</td>
<td>0.00</td>
</tr>
<tr>
<td>Causes Inflation</td>
<td>%</td>
<td>0.00</td>
<td>28.57</td>
<td>14.29</td>
<td>42.86</td>
<td>14.29</td>
</tr>
</tbody>
</table>

1- Strongly Disagree; 2- Disagree;3-Undecided;4-Agree;5-Strongly Agree

Note: All values in the Table No.1, 2 and 3 are Mode values. Percentages are drawn for better analysis.

Question 4: Express your opinion on the following statements on the impact of FDI allowed in single/ Multi- brand retailing on the traditional retailing in India.

Response 4: This includes six factors under study. The responses are shown in Table.2
Table 2. Opinion of Traditional Retailers on FDI’s Impact on Indian retailers

<table>
<thead>
<tr>
<th>Traditional retailers opinion on FDI</th>
<th>4Q</th>
<th>SD¹</th>
<th>D²</th>
<th>UD³</th>
<th>A⁴</th>
<th>SA⁵</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kills traditional store profits</td>
<td>1</td>
<td>6</td>
<td>4</td>
<td>1</td>
<td>6</td>
<td>8</td>
</tr>
<tr>
<td>%</td>
<td>24.00</td>
<td>16.00</td>
<td>4.00</td>
<td>24.00</td>
<td>32.00</td>
<td></td>
</tr>
<tr>
<td>Kills traditional store sales</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>1</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>%</td>
<td>16.00</td>
<td>16.00</td>
<td>4.00</td>
<td>32.00</td>
<td>32.00</td>
<td></td>
</tr>
<tr>
<td>Decreases customer traffic</td>
<td>3</td>
<td>1</td>
<td>6</td>
<td>1</td>
<td>7</td>
<td>10</td>
</tr>
<tr>
<td>%</td>
<td>4.00</td>
<td>24.00</td>
<td>4.00</td>
<td>28.00</td>
<td>40.00</td>
<td></td>
</tr>
<tr>
<td>Traditional stores shutdown</td>
<td>4</td>
<td>7</td>
<td>8</td>
<td>0</td>
<td>6</td>
<td>4</td>
</tr>
<tr>
<td>%</td>
<td>28.00</td>
<td>32.00</td>
<td>0.00</td>
<td>24.00</td>
<td>16.00</td>
<td></td>
</tr>
<tr>
<td>Products can't be provided at CP</td>
<td>5</td>
<td>8</td>
<td>7</td>
<td>0</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>%</td>
<td>32.00</td>
<td>28.00</td>
<td>0.00</td>
<td>28.00</td>
<td>12.00</td>
<td></td>
</tr>
<tr>
<td>Products at competitive prices</td>
<td>5*</td>
<td>3</td>
<td>7</td>
<td>0</td>
<td>7</td>
<td>8</td>
</tr>
<tr>
<td>%</td>
<td>12.00</td>
<td>28.00</td>
<td>0.00</td>
<td>28.00</td>
<td>32.00</td>
<td></td>
</tr>
</tbody>
</table>

1- Strongly Disagree; 2- Disagree; 3- Undecided; 4- Agree; 5- Strongly Agree

i. 56% of traditional retailers have agreed that FDI kills traditional store profits.

ii. 64% have agreed that FDI permit kills store sales.

iii. 68% agreed that FDI permit will decrease the customer’s traffic.

iv. 60% of retailers agreed that it’s a blow and may cause them to shut down their operations.

v & vi. About 60% of traditional retailers believe that they can compete with the prices of foreign retailers.

B. The overall opinion of all retailers was also studied but limited to only four parameters.

Table 3. Overall opinion of retailer’s on FDI’s impact on existing Indian retail market

<table>
<thead>
<tr>
<th>Overall retailers opinion on FDI</th>
<th>1.00</th>
<th>2.00</th>
<th>3.00</th>
<th>4.00</th>
<th>5.00</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>SD¹</td>
<td>D²</td>
<td>UD³</td>
<td>A⁴</td>
<td>SA⁵</td>
</tr>
<tr>
<td>Kills store profits</td>
<td>1</td>
<td>7</td>
<td>7</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Kills store sales</td>
<td>2</td>
<td>4</td>
<td>6</td>
<td>1</td>
<td>11</td>
</tr>
<tr>
<td>%</td>
<td>12.50</td>
<td>18.75</td>
<td>3.13</td>
<td>34.38</td>
<td>31.25</td>
</tr>
<tr>
<td>Decreases customer traffic</td>
<td>3</td>
<td>1</td>
<td>7</td>
<td>1</td>
<td>9</td>
</tr>
<tr>
<td>%</td>
<td>3.13</td>
<td>21.88</td>
<td>3.13</td>
<td>28.13</td>
<td>43.75</td>
</tr>
<tr>
<td>Products at competitive prices</td>
<td>4</td>
<td>8</td>
<td>8</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>%</td>
<td>25.00</td>
<td>25.00</td>
<td>6.25</td>
<td>25.00</td>
<td>18.75</td>
</tr>
</tbody>
</table>

1- Strongly Disagree; 2- Disagree; 3- Undecided; 4- Agree; 5- Strongly Agree

From the above Table 3, it can be understood that 53.13% and 65.63% of retailers agreed that the FDI permit will kill the store's profits as well as store sales respectively whereas 71.88% of retailers agreed for a fall in customer’s traffic into their stores.

In the end, the opinion on providing products at competitive price to a customer is approximately a balanced one, as 50% said difficult to provide whereas 43.75% said they can provide.

C. Now, let us move to the analysis of four factors regarding the corresponding opinion between the traditional and organized retailers upon the impact of FDI amendments on the existing Indian retail market. From the Table 4, it is clear that all the obtained probability values are greater than alpha i.e. 0.05 (level of significance).
Table 4. Probability values of choosing parameters

<table>
<thead>
<tr>
<th>S. No</th>
<th>Parameters</th>
<th>U* Values</th>
<th>Probability value p-values</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Decrease store profits</td>
<td>83</td>
<td>0.841</td>
</tr>
<tr>
<td>2</td>
<td>Decrease store sales</td>
<td>82</td>
<td>0.806</td>
</tr>
<tr>
<td>3</td>
<td>Decrease customer traffic</td>
<td>86.5</td>
<td>0.947</td>
</tr>
<tr>
<td>4</td>
<td>Can provide products at competitive prices</td>
<td>72</td>
<td>0.489</td>
</tr>
</tbody>
</table>

* U values help in obtaining p-values

If the p- value is greater than alpha, the null hypothesis could not be rejected. It indicates all retailers agreed with all parameters, thereby there is no significant difference between the opinions of traditional and organized retailers on the impact of FDI amendments on the existing Indian retail market. All felt that allowing FDI effects adversely on their store profits, store sales and customer traffic too. The other way they expressed the confidence that they could be able to provide products to the customers at competitive prices irrespective of any one entry into the market through FDI.

VI. FINDINGS

The above conducted survey highlights certain findings towards the impact of FDI amendments on Indian retail market from the opinion of Indian retailers. They are

1. Maximum retailers feel that the there will be a decrease in their store profits, store sales and customer traffic. But in the discussion that had with retailers the responses came such as profits remain and sales may vary.

2. Almost all the retailers have agreed that there will be a rise in employment opportunities. This is similar opinion made by the government in considering FDI reforms. But, some retailers have thrown light on this aspect by stating “one side the employment will increase with the FDI reforms and the other side, thousands of small retailers getting wiped out from the market”. What to do?

3. The greatest part of retailers is that they do not fear of FDI permit, they are freely saying that they can provide the products to the customers at more competitive prices as they are local to the market.

4. The opinion of Traditional retailers got matched with the opinion of organized retailers indicate that both are looking the FDI permit on same lines.

5. In discussion with the retailers, one interesting thing came out that only 37.5% have agreed for FDI permit whereas 62.5% have not agreed. Out of these 37.5%, the retailers are so confident in stating that “what we did when our organised retailers started grabbing the market, the same we do now also”. This admits a positive outlook that the regional organized retailers entry or foreign retailers entry creates competition and also forms a hub, where the people start moving around in search of required products or services, provides them equal opportunity to grow.

6. From the survey, it can be understood that the retailers are not clear about the full length norms stated by the Indian government in single brand and multi-brand retailing.

7. In suggestions, some retailers gave their opinion not to encourage foreign retailers, instead encourage local retailers that can improve their livelihood and economic status, may contribute towards GDP.

8. The farmers and the intermediaries dependent on the traditional supply chain may suffer a lot. The government must consider this aspect seriously.
VII. CONCLUSION
Overall, 62.5% of retailers have not agreed for permitting FDI but the rest 37.5% of retailers surveyed have agreed to permit FDI. Here, the study produces two interesting outcomes. The first outcome is opposing the FDI and the other is in favour of FDI. The first outcome expresses that both the traditional and organized retailers have agreed that allowing FDI reduces customer footfalls which in turn ruins their profits and sales and the customer traffic. In addition, some more retailers also express that so many small retailers, farmers and intermediaries may suffer those depend on a traditional supply chain. But, the other outcome welcomes FDI by stating that it helps in increasing employment, creates a hub of retailers which helps in gathering more customers in turn helps in increasing their sales. Even, the favoured retailers expressed that they are confident enough in giving a tough competition for the foreign retailers in terms of price and quality.

VIII. ACKNOWLEDGEMENT
The author is thankful to all the store managers of organized retail chains and owners of traditional retailers those participated in the survey for providing their valuable feedback on the proposed FDI policy amendments by the Indian Government.

REFERENCES


*****
An Introduction To Green Marketing-Emerging Dimensions, Strategies, Opportunities, Challenges and Trends: A Review

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ABSTRACT: Green marketing is a phenomenon which has developed particular important in the modern market. This concept has enabled for the re-marketing and packaging of existing products which already adhere to such guidelines. The importance of Green Marketing can well be emphasised by stating the fact that majority of consumers in all the countries want to buy from environmentally responsible companies. Consumers say environmental consciousness is an important corporate priority—ranking behind good value, trustworthy, and cares about customers. Consumers expect green companies to engage in a broad set of actions, particularly reducing toxics, recycling and managing water. Many consumers prefer to spend more on green products, especially in developing economies. Green marketing is a phenomenon which has developed particular important in the modern market. This concept has enabled for the re-marketing and packaging of existing products which already adhere to such guidelines. Additionally, the development of green marketing has opened the door of opportunity for companies to co-brand their products into separate line, lauding the green-friendliness of some while ignoring that of others. Such marketing techniques will be explained as a direct result of movement in the minds of the consumer market. As a result of this businesses have increased their rate of targeting consumers who are concerned about the environment.

Keywords: Green marketing; Green-friendliness; Eco-Friendly products; Green Products.

1. INTRODUCTION

According to the American Marketing Association (AMA), green marketing is the marketing of products that are presumed to be environmentally safe. Thus green marketing incorporates a broad range of activities, including product modification, changes to the production process, packaging changes, as well as modifying advertising. Yet defining green marketing is not a simple task where several meanings intersect and contradict each other; an example of this will be the existence of varying social, environmental and retail definitions attached to this term. Other similar terms used are Environmental Marketing and Ecological Marketing. As society becomes more concerned with the natural environment, businesses have begun to modify their process in an attempt to address society’s new issues. Some businesses have been quick to accept the newer challenges or changes like environmental management, minimization of the waste aligning with organizational activities. For a company to be successful in implementing green marketing strategy, it should not forget attitude of consumers towards green marketing. "Green Marketing" refers to holistic marketing concept wherein the production, marketing consumption
an disposal of products and services happen in a manner that is less detrimental to the environment with growing awareness about the implications of global warming, non-biodegradable solid waste, harmful impact of pollutants etc., both marketers and consumers are becoming increasingly sensitive to the need for switch in to green products and services. While the shift to "green" may appear to be expensive in the short term, it will definitely prove to be indispensable and advantageous, cost-wise too, in the long run.

Pride and Ferrell (1993) Green marketing, also alternatively known as environmental marketing and sustainable marketing, refers to an organization's efforts at designing, promoting, pricing and distributing products that will not harm the environment.

Polonsky (1994) defines green marketing as .all activities designed to generate and facilitate any exchanges intended to satisfy human needs or wants, such that the satisfaction of these needs and wants occurs, with minimal detrimental impact on the natural environment.

Elkington (1994) defines green consumer as one who avoids products that are likely to endanger the health of the consumer or others cause significant damage to the environment during manufacture, use or disposal, consume a disproportionate amount of energy, cause unnecessary waste, use materials, derived from threatened species or environments; involve unnecessary use of, or cruelty to animals; adversely affect other countries. Green marketing subsumes greening products as well as greening firms. In addition to manipulating the 4Ps (product, price, place and promotion) of the traditional marketing mix, it requires a careful understanding of public policy processes.

2. WHY GREEN MARKETING?

It is really scary to read these pieces of information as reported in the Times recently: "Air pollution damage to people, crops and wildlife in US. Total tens of billions of dollars each year". "More than 12 other studies in the US, Brazil Europe, Mexico, South Korea and Taiwan have established links between air pollutants and low birth weight premature birth still birth and infant death". As resources are limited and human wants are unlimited, it is important for the marketers to utilize the resources efficiently without waste as well as to achieve the organization's objective. So green marketing is inevitable. There is growing interest among the consumers all over the world regarding protection of environment. Worldwide evidence indicates people are concerned about the environment and are changing their behaviour. As a result of this, green marketing has emerged which speaks for growing market for sustainable and socially responsible products and services. Thus the growing awareness among the consumers all over the world regarding protection of the environment in which they live, People do want to bequeath a clean earth to their 10 offspring. Various studies by environmentalists indicate that people are concerned about the environment and are changing their behaviour pattern so as to be less hostile towards it. Now we see that most of the consumers, both individual and industrial, are becoming more concerned about environment friendly products. Green marketing was given prominence in the late 1980s and 1990s after the proceedings of the first workshop on Ecological marketing held in Austin, Texas (US), in 1975. Several books on green marketing began to be published thereafter. According to the Joel makeover (a writer, speaker and strategist on clean technology and green marketing), green marketing faces a lot of challenges because of lack of standards and public consensus to what constitutes "Green". The green marketing has evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases. First phase was termed as "Ecological" green marketing, and during this period all marketing activities were concerned to
help environment problems and provide remedies for environmental problems. Second phase was "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was "Sustainable" green marketing. It came into prominence in the late 1990s and early 2000.

3. MARKETING MIX OF GREEN MARKETING
Every company has its own favourite marketing mix. Some have 4 P's and some have 7 P's of marketing mix. The 4 P's of green marketing are that of a conventional marketing but the challenge before marketers is to use 4 P's in an innovative manner.

Product
The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources (Keller man, 1978).

Price
Price is a critical and important factor of green marketing mix. Most consumers will only be prepared to pay additional value if there is a perception of extra product value. This value may be improved performance, function, design, visual appeal, or taste. Green marketing should take all these facts into consideration while charging a premium price.

Promotion
There are three types of green advertising:
1. Campaigns that address a relationship between a product/service and the biophysical environment.
2. Campaigns that promote a green lifestyle by highlighting a product or service.
3. Campaigns that present a corporate image of environmental responsibility

Place
The choice of ‘where and when’ to make a product available will have significant impact on the customers. Very few customers will go out of their way to buy green products. When looking through the literature there are several suggested reasons for firms increased use of Green Marketing.
Five possible reasons are as follows:
1. Organizations perceive environmental marketing to be an opportunity that can be used to achieve its objectives.
2. Organizations believe they have a moral obligation to be more socially responsible. Governmental bodies are forcing firms to become more responsible.
3. Competitors' environmental activities pressure firms to change their environmental marketing activities.
4. Cost factors associated with waste disposal, or reductions in material usage forces firms to modify their behaviour.
5. As resources are limited and human wants are unlimited, it is important for the marketers to utilize the resources efficiently without waste as well as to achieve the organization's objective. So green marketing is inevitable.
There is growing interest among the consumers all over the world regarding protection of environment. Worldwide evidence indicates people are concerned about the environment and are changing their behaviour. As a result of this, green marketing has emerged which speaks for growing market for sustainable and socially responsible products and services.

4. OPPORTUNITIES IN GREEN MARKETING

It appears that all types of consumers, both individual and industrial are becoming more concerned and aware about the natural environment. In a 1992 study of 16 countries, more than 50% of consumers in each country, other than Singapore, indicated they were concerned about the environment [Ottman 1993]. A 1994 study in Australia found that 84.6% of the sample believed all individuals had a responsibility to care for the environment. A further 80% of this sample indicated that they had modified their behaviour, including their purchasing behaviour, due to environmental reasons [EPA-NSW 1994]. As demands change, many firms see these changes as an opportunity to be exploited. Given these figures, it can be assumed that firms marketing goods with environmental characteristics will have a competitive advantage over firms marketing non-environmentally responsible alternatives. There are numerous examples of firms who have strived to become more environmentally responsible, in an attempt to better satisfy their consumer needs.

- McDonald's replaced its clam shell packaging with waxed paper because of increased consumer concern relating to polystyrene production and Ozone depletion [Gifford 1991, Hume 1991].
- Tuna manufacturers modified their fishing techniques because of the increased concern over driftnet fishing, and the resulting death of dolphins [Advertising Age 1991].
- Xerox introduced a "high quality" recycled photocopier paper in an attempt to satisfy the demands of firms for less environmentally harmful products.

This is not to imply that all firms who have undertaken environmental marketing activities actually improve their behaviour. In some cases firms have misled consumers in an attempt to gain market share. In other cases firms have jumped on the green bandwagon without considering the accuracy of their behaviour, their claims, or the effectiveness of their products. This lack of consideration of the true "greenness" of activities may result in firms making false or misleading green marketing claims.

5. SOCIAL RESPONSIBILITY

Many firms are beginning to realize that they are members of the wider community and therefore must behave in an environmentally responsible fashion. This translates into firms that believe they must achieve environmental objectives as well as profit related objectives. This results in environmental issues being integrated into the firm's corporate culture. Firms in this situation can take two perspectives; 1) they can use the fact that they are environmentally responsible as a marketing tool; or 2) they can become responsible without promoting this fact. There are examples of firms adopting both strategies. Organizations like the Body Shop heavily promote the fact that they are environmentally responsible. While this behaviour is a competitive advantage, the firm was established specifically to offer consumers environmentally responsible alternatives.
to conventional cosmetic products. This philosophy is directly tied to the overall corporate culture, rather than simply being a competitive tool.

An example of a firm that does not promote its environmental initiatives is Coca-Cola. They have invested large sums of money in various recycling activities, as well as having modified their packaging to minimize its environmental impact. While being concerned about the environment, Coke has not used this concern as a marketing tool. Thus many consumers may not realize that Coke is a very environmentally committed organization.

6. GREEN MARKETING STRATEGIES
Marketing literature on greening products/firms builds on both the societal and social marketing research. Societal marketing implies that organizations (governments, businesses and nonprofits) need to determine the needs of target markets and to deliver the desired satisfactions in a way that enhances the consumer’s and the society’s well being. Social marketing focuses on designing and implementing programs that increase the acceptability of a social idea, cause, or practice in (a) target group(s) (Kotler, 1994). Traditionally, marketers focus on individual needs for designing/marketing products to best serve these needs. This approach is predicated on two assumptions. First, individuals are motivated by the promise that products will satisfy their needs at outlays acceptable to them.

Second, individual actions do not have significant externalities (the divergence between public and private costs/benefits), positive or negative. The presence of externalities often instigates actions from the nonmarket environment, mainly in the form of governmental regulations. Unlike traditional marketers, social and societal marketers seek to persuade consumers to alter their behaviours that have significant externalities. However, these behavioural modifications may not directly/sufficiently benefit consumers or the benefits may also be nonexcludable.

In addition, social marketing literature suggests that consumers’ incentives may be eroded if they believe that their actions alone may not enhance the community’s welfare (Weiner and Doescher, 1991). Thus, the challenges for social/societal marketers are complex. Three such challenges – the role of incentives and structural factors, information disclosure strategies and greening products versus greening firms – are examined below. The role of incentives and structural factors Drawing insights from the political economy literature discussed previously, marketing literature debates the relative efficacy of individual-level sacrifices (direct costs) versus collective sacrifices (indirect costs). Instead of individual-level sacrifices (paying a premium for green products or altering life styles to lessen the burden on the environment), from which consumers can opt out, some social marketers favour collective sacrifices or indirect costs, from which individuals cannot opt out (Weiner, 1993). It is predicted that by providing new institutional contexts, such collective sacrifices will persuade consumers to change their lifestyles.

If the objective is to reduce emissions of greenhouse gases, collective sacrifices could be manifest as higher taxes (energy tax), stringent standards (residential building codes, automobile fuel efficiency standards) or some other collective restrictions that impose costs on or potentially change lifestyles of many people. In addition to mitigating collective action dilemmas, collective sacrifices provide consumers with greater levels of confidence that their actions will make a difference. One must note, however, that opting out from individual-level sacrifices may not be the only way for consumers to express their preferences. As the public policy literature suggests,
individuals signal their preferences for a policy through ‘exit, voice, and loyalty’ (Hirschman, 1970). If they cannot ‘exit’ due to the imposition of collective sacrifices, consumers may seek to voice their preferences in the nonmarket arenas (see the previous discussion on stakeholder and institutional theories). They could, for example, undertake political activity to shift the burden of sacrifices to firms. In some cases, they may even oppose the imposition of collective sacrifices (Vogel, 1996).

Marketing literature also examines the relative salience of consumers’ attributes and structural parameters (market environment, social norms and institutions) in inducing environment-friendly behaviour. There is also a debate on the relative efficacy of economic and noneconomic factors in inducing behavioural changes. In their review of the literature on recycling, Derksen and Gartrell (1993) argue that demographic variables show little association with recycling behaviour and the social context is the key determinant: people having access to recycling programs exhibit higher levels of recycling than those not having such access. Individuals’ attitudes towards recycling cannot overcome structural barriers; attitudes impact behaviours only if individuals have easy access to recycling programs (De Young, 1988–89). This, however, begs the question: why do only some communities have recycling programs? If public policies reflect (at least, partially) citizens’ preferences, then citizens have some degree of influence over policies such as recycling programs. Thus, structures (public policies) are not entirely exogenous to consumers/citizens. As the reader will note, the politics of public policy processes enters our discussion on green marketing. In examining the role of financial incentive in inducing consumers to support green products, energy policy literature offers useful insights.

Much of the research on energy conservation dates back to the 1970s, when energy shortages emerged as a major business strategy and public policy issue in the wake of 1973 and 1979 oil crises. This literature seeks to understand how much energy, consumers use, how they use it and how they can be motivated to conserve energy (Ritchie and McDougall, 1985). These questions can be generalized to other aspects of green marketing. While some suggest that consumers are motivated to conserve energy primarily due to economic incentives/disincentives (McClelland and Canter, 1981; O’Brien and Zoumbaris, 1993), others emphasize noneconomic factors (Black et al., 1985; Kempton et al., 1992). The impact of economic incentives/disincentives varies across income brackets. For upper income levels, energy use is relatively price inelastic (economic incentives/disincentives are less efficacious because they spend only a small percentage of their income on energy. Savings offered by energy-efficient appliances also may not motivate them to replace their extant well functioning, but energy-inefficient, appliances. Even when consumers are motivated to conserve energy, they may not replace appliances or change their behaviours due to inconvenience and/or inertia. Analogously, green marketing can be conceptualized as a three-pronged exercise. Consumers can be motivated to curtail (reduce the impact on the environment by modifying extant living patterns), to maintain (keep equipment in good working order) and to be efficient (undertake structural changes such as buying environment-friendly equipment). Marketers need to correctly identify consumers’ propensities for the three routes at different value/price levels and accordingly design/market their products.

7. TWENTY RULES OF GREEN MARKETING
Twenty rules of green marketing are also created which are essential strategies to play by the new rules. (1) Green is the mainstream. In the past years, few people forming groups of genuine green consumers existed; today every generation is somehow attached to the green
revolution. In fact, there now exists, categories of green consumers all around the world. (2) **Green is cool.** Before green has been viewed within negative connotation, however, as of today, green has become a worldwide trend. In fact, green consumers these days are the biggest influences on purchasing powers and behaviours. For instance, celebrities and other highly regarded groups or individuals who cater towards green products are seen as trendsetters within current markets worldwide. (3) **Greener products work equally or better—and are often worth a premium price.** Due to advances in technology, we have moved forward from days where green products were often ignored and were attributed with low qualities and values. As of today, the most expensive products are those that are labelled as organics, hybrid, and environmental friendly. (4) **Green inspires innovative products and services that can result in better consumer value, enhanced brand, and stronger company.** Managers, those from big transnational companies to small businesses, no longer consider the environment as an extraneous variable that presents difficulties in advertising, marketing and managing strategies. These days, the environment is the primary source of high rates of returns on investment for any company. (5) **Values guide consumer purchasing. Historically, consumers bought solely on price, performance, and convenience.** These days, premium attention is drawn towards the value that is attached to every aspect of purchasing products. For instance, people no longer simply take into consideration the price, quality and convenience of a product; rather, they think outside and also consider how these products could affect the environment through their packaging, manufacturing, etc. (6) **A life-cycle approach is necessary.** A life-cycle approach, which refers to a technique used in assessing the long-term condition of a product, is used to assess the impacts of any given product on the environment. Therefore, claims such as recyclable or reusable are no longer enough for consumers since these materials still create wastes that are deemed as harmful to the environment. (7) **Manufacturer and retailer reputation count now more than ever.** Manufacturers as well as retailers are also taken into consideration at the onset of a purchase. The surroundings wherein products are made and stored are also often taken into account by consumers—thus, immediate background checks on companies are already gaining a certain amount of necessity with regards to green consumption. (8) **Save me!** Green consumerism is also reflective, not only of advocacies to help the environment. Consumers are not only concerned with saving the planet, but rather, they are even more concerned with protecting their health. As such, products must cater to their needs with regards to health, money and also to proficiency. (9) **Businesses are their philosophies.** Businesses are now assessed according to what they stand for—their principles and values—and no longer according to how they are built. (10) **Sustainability represents an important consumer need, and is now an integral aspect of product quality.** Green marketing is not only a preference or a viewpoint—it is the way of the company. As such, it is imperative that products must be green and that they must reflect a sense of responsibility not only towards the environment but also towards the society. (11) **The greenest product represents new concepts with business models with significantly less impact.** The most innovative green products are the most valued. Green products need to advance towards sustainability and not only be repetitive of what is already evident within the community. There must be a constant effort renew and revitalize old concepts and traditions in order to achieve more and in order to create more significant impacts. (12) **Consumer’s don’ necessarily need to own products; services can meet their needs, perhaps even better.** Green marketing must not be limited to the manufacturing of green products, but must also include services that are of equal value. For example, electronic versions of books (eBooks) are proven to be a service that efficiently meets the needs of consumers.
brands consumers buy and trust today educate and engage the in a meaningful conversation through a variety of media, especially via websites and online social networks. Green Marketing is already inclusive of advances in technology – traditional forms of communication such as print and paid advertising is no longer enough in promoting green marketing as a strategy. (14) **Green consumers are strongly influenced by recommendations of friends and family, and trusted third parties.** Due to a phenomenon noted as green washing, trust is an important tool in the success of any green marketing strategy. As such, influences through recommendations by families, friends, and genuine third parties (NGOs and eco-labellers) are a necessity within green marketing. (15) **Green consumers trust brands that tell all.** Brands or companies that practices “radical transparency” are often trusted by consumers the most. Radical transparency is achieved through disclosing all information to the public, whether good or bad. The willingness of any company to do such entitles them to genuine principles that are highly regarded and appreciated by customers. (16) **Green consumers don’t expect perfection.** Consumers are not looking for perfect and faultless products and services; rather, they are looking at the height of the standards raised by a company in achieving their environmental goals. (17) **Environmentalists are no longer the enemy.** Environmentalists must not be regarded as critics to any company, but rather, must be considered as allies in achieving the goals set by the company. Partnering with environmentalists who can provide irrefutable suggestions would make a very solid green marketing strategy. (18) **Nearly everyone is a corporate stakeholder.** Corporate stakeholders are no longer inclusive of only customers, employees and investors. Due to the ability of every individual to create an influence that could affect the behaviour of any other individual, almost everyone is already considered as a stakeholder. (19) **Authenticity.** Bringing something new and innovative in the market will help a product stand out. As such, recycling logos or biodegradability claims are no longer enough—brands must keep on developing new foundations that would reflect their sustainable benefits to the environment and to their consumers. (20) **Keep it simple.** Less is more. In the advocacy of promoting the environment and other issues that concern health and safety, it is imperative that simplicity be made as a mirror that would reflect the nature of these concerns.

### 8. CHALLENGES IN GREEN MARKETING

#### 8.1 Need for Standardization

It is found that only 5% of the marketing messages from “Green” campaigns are entirely true and there is a lack of standardization to authenticate these claims. There is no standardization to authenticate these claims. There is no standardization currently in place to certify a product as organic. Unless some regulatory bodies are involved in providing the certifications there will not be any verifiable means. A standard quality control board needs to be in place for such labelling and licensing.

#### 8.2 New Concept

Indian literate and urban consumer is getting more aware about the merits of Green products. But it is still a new concept for the masses. The consumer needs to be educated and made aware of the environmental threats. The new green movements need to reach the masses and that will take
a lot of time and effort. By India's ayurvedic heritage, Indian consumers do appreciate the importance of using natural and herbal beauty products. Indian consumer is exposed to healthy living lifestyles such as yoga and natural food consumption. In those aspects the consumer is already aware and will be inclined to accept the green products.

8.3 Patience and Perseverance
The investors and corporate need to view the environment as a major long-term investment opportunity, the marketers need to look at the long-term benefits from this new green movement. It will require a lot of patience and no immediate results. Since it is a new concept and idea, it will have its own acceptance period.

8.4 Avoiding Green Myopia
The first rule of green marketing is focusing on customer benefits i.e. the primary reason why consumers buy certain products in the first place. Do this right, and motivate consumers to switch brands or even pay a premium for the greener alternative. It is not going to help if a product is developed which is absolutely green in various aspects but does not pass the customer satisfaction criteria. This will lead to green myopia. Also if the green products are priced very high then again it will lose its market acceptability.

9. PRESENT TRENDS OF GREEN MARKETING IN INDIA
Organizations are Perceive Environmental marketing as an Opportunity to achieve its objectives. Firms have realized that consumers prefer products that do not harm the natural environment as also the human health. Firms marketing such green products are preferred over the others not doing so and thus develop a competitive advantage, simultaneously meeting their business objectives. Organizations believe they have a moral obligation to be more socially responsible. This is in keeping with the philosophy of CSR which has been successfully adopted by many business houses to improve their corporate image.
Firms in this situation can take two approaches:

• Use the fact that they are environmentally responsible as a marketing tool.
• Become responsible without prompting this fact.

Governmental Bodies are forcing Firms to Become More Responsible. In most cases the government forces the firm to adopt policy which protects the interests of the consumers. It does so in following ways:

• Reduce production of harmful goods or by products
• Modify consumer and industry's use and /or consumption of harmful goods.
• Ensure that all types of consumers have the ability to evaluate the environmental composition of goods.

Competitors' Environmental Activities Pressure Firms to change their Environmental Marketing Activities. In order to get even with competitors claim to being environmentally friendly, firms change over to green marketing. Result is green marketing percolates entire industry. Cost Factors Associated With Waste Disposal or Reductions in Material Usage Forces Firms to Modify their Behaviour.
It may pursue these as follows:
• A Firm develops a technology for reducing waste and sells it to other firms.
• A waste recycling or removal industry develops.

10. THE FUTURE OF GREEN MARKETING
There are many lessons to be learned to avoid green marketing myopia, the short version of all this is that effective green marketing requires applying good marketing principles to make green products desirable for consumers. The question that remains, however, is, what is green marketing's future? Business scholars have viewed it as a “fringe” topic, given that environmentalism's acceptance of limits and conservation does not mesh well with marketing's traditional axioms of “give customer what they want” and “sell as much as you can”. Evidence indicates that successful green products have avoided green marketing myopia by following three important principles, that are:

Consumer Value Positioning
• Design environmental products to perform as well as (or better than) alternatives.
• Promote and deliver the consumer desired value of environmental products and target relevant consumer market segments.
• Broaden mainstream appeal by bundling consumer desired value into environmental products.

Calibration of Consumer Knowledge
• Educate consumers with marketing messages that connect environmental attributes with desired consumer value.
• Frame environmental product attributes as “solutions” for consumer needs.
• Create engaging and educational internet sites about environmental products desired consumer value.

Credibility of Product Claim
• Employ environmental product and consumer benefit claims that are specific and meaningful.
• Procure product endorsements or eco-certifications from trustworthy third parties and educate consumers about the meaning behind those endorsements and eco certifications.
• Encourage consumer evangelism via consumers social and internet communication network with compelling, interesting and entertaining information about environmental products.

11. CONCLUSION
Green marketing covers more than a firm's marketing claims. While firms must bear much of the responsibility for environmental degradation, ultimately it is consumers who demand goods, and thus create environmental problems. One example of this is where McDonald's is often blamed for polluting the environment because much of their packaging finishes up as roadside waste. Now this is the right time to select “Green Marketing” globally. It will come with drastic change in the world of business if all nations will make strict roles because green marketing is essential to save world from pollution. From the business point of view because a clever marketer is one who not only convinces the consumer, but also involves the consumer in marketing his product. Green marketing should not be considered as just one more approach to marketing, but has to be pursued with much greater vigour, as it has an environmental and social dimension to it. With the
threat of global warming looming large, it is extremely important that green marketing becomes the norm rather than an exception or just a fad. Recycling of paper, metals, plastics, etc., in a safe and environmentally harmless manner should become much more systematized and universal. It has to become the general norm to use energy-efficient lamps and other electrical goods. Marketers also have the responsibility to make the consumers understand the need for and benefits of green products as compared to non-green ones. In green marketing, consumers are willing to pay more to maintain a cleaner and greener environment. Finally, consumers, industrial buyers and suppliers need to pressurize effects on minimize the negative effects on the environment-friendly. Green marketing assumes even more importance and relevance in developing countries like India.

12. REFERENCES


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IMPACT OF MULTIMEDIA IN EARLY CHILDHOOD EDUCATION

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ABSTRACT: - Multimedia is multiple forms of media integrated together, i.e. the collection of audio, sounds, text, graphics, animation etc which develop in programs. Multimedia increased Knowledge about concept and critical literacy and specific number and language concepts in the students. Multimedia plays a very important role in assisting students in learning processes. Multimedia uses computers to present text, audio, video, animation, interactive features, and still images in various ways and combinations made possible through the advancement of technology. Technology is a tool that can provide another way for children to learn and make sense of their world. Educational technology such as multimedia plays a fundamental and crucial role in teaching learning process at primary level. It makes teaching learning process more effective and successful. In present investigation to identify the impact the use of multimedia in student’s academic achievements in early childhood education. The study was conducted in the year 2013. The main area selected for the study was Alambagh. In this area selected five mohillas Pawanpuri, Kailaspuri, Geetapalli, Krishnapalli and Sujanpura. A total of 120 Pre-primary and primary teachers were selected for the study. Random sampling method was used for sample selection and questionnaire schedule was used for data collection. t test used in research for data analysis. The results revealed that the multimedia increased dependency. Multimedia is enabling to clarify content knowledge. It affects children’s personality in negative way.

Keywords: - Multimedia, Early childhood, Early childhood education, Physical dependency, Personality.

I. INTRODUCTION
Multimedia refers to the multi dimensions of media, which can be an amalgamation of text, sound effects, light, animated figures, still images, videos and interactive content forms. Multimedia is simply multiple forms of media integrated together.

The word comes multimedia comes from the Latin word “multus” which means “numerous” & media which means “middle” and “centre”. Multimedia is general sense therefore means “multiple intermediaries” between sources and sink of information or multiple means by which information is stored, transmitted, presented and perceived. Multimedia is communication that uses any combination of different media, it may or may not involve computers.

Early childhood is a stage of fast development. Due to fast physical development, child becomes more active. In this stage child learn new behavior patterns. Early childhood often seems endless as they wait impatiently for the magic time to come when society will regard them
as “grown ups” and no longer as children. Early childhood is the age when dependency is practically a thing of the past and is being replaced by growing independence and ends at about the time the child enters first grade in school. Characteristics of early childhood, it is a preschool age, an age of curiosity, it is a pregang age, a problem age.

Early childhood education consists of activities and/or experiences that are intended to effect developmental changes in children prior to their entry into elementary school. Early childhood education is a term that is used to commonly describe the formal teaching and care of young children by individuals or professionals other than their family or in settings outside the child’s home.

Frequency of interactive or cooperative play decreased when computers were present. Initial fears of social isolation were unfounded and overall, the social environment of the classroom did not appear to change substantially with the introduction of computers. The use of computers in a preschool classroom does not significantly inhibit or encourage language use. Therefore, computers provide equally language-enriching environments for young children. Computers do provide an environment in which children use a large amount of language with both peers and teachers. Children demonstrated more active interest and joy when using the computer seemed to be engaged in a more cognitively complex activity. It was concluded that the children had more motivation for using the computer, were more happy using the computer, and appeared to “get more out” of that experience. Computers also appear to be highly motivating for young children. They generally have very positive experiences on the computer and tend to stay on task for a long period of time. (McCarrick & Li, 2007). There is no conclusive evidence that multimedia useful in early childhood education in the right way. There is no consistent evidence that multimedia increase either hyperactivity or passivity in children. Multimedia not enhances academic activities such as reading or homework. Research shows that viewing violence in classroom is moderately correlated with aggression in children. Children with emotional or developmental problems are more likely to have difficulty understanding television and advertising in the same way as their peers. This group of children is likely to be more vulnerable to the potentially harmful consequences of media content.

The impact of technology on the overall interaction patterns in the classroom was also explored. These results indicated that parallel play was still the most common form of interaction in preschool classrooms. Solitary play did not increase in the classrooms and cooperative/interactive play decreased slightly. Harmful physical effects of prolonged computer use by children. Negative effects on children’s social development (such as promote anti social behavior like isolation or aggressive behaviour). Developmental concerns (such as computer use can interfere with children’s cognitive development). (Mishra & Acharya, 2011)

II. OBJECTIVE OF THE STUDY

1. To know impact the use of multimedia in student’s academic achievements in early childhood education.
2. To Study about the multimedia increased dependency in students.

III. RESEARCH METHODOLOGY
The study was conducted in the year 2013. The main area selected for the study was Alambagh. In this area five mohllas were selected i.e. Pawanpuri, Kailaspuri, Geetapalli, Krishnapalli and Sujanpura. A total of 120 Pre-primary and primary teachers were selected for the study. Random sampling method was used for sample selection and questionnaire method was used for data collection. After data collection, the data were tabulated in Microsoft excel and analysis was done by using frequency, percentage and t-test through SPSS (20th version).

**IV. RESEARCH FINDING AND DISCUSSION**

**Fig.1 Distribution of respondents based on their education.**

![Graph showing distribution of respondents based on education level.](image)

The above graph it is clear that most of the respondents were Post Graduate (50.8%) whereas minimum respondents were comes under other educational courses 23.3 percent and 25.8 percent belongs to Graduate.

**Fig.2 Distribution of respondents based on type of school**

![Graph showing distribution of respondents based on type of school.](image)
The above graph showed the distribution of respondents on based of school where they taught. Majority (60%) of respondents belongs to private schools and minimum 10 percent of respondents belong to semi-government schools and 30 percent respondents belong to government school.

**Fig.3 Distribution of respondents based on language use in school**

The above graph it is clear that language use in the school in those where respondents done teaching. The most (61.7%) of Hindi language used in schools and minimum 38.3 percent of English language used in schools.

**Fig.4 Distribution of respondents based on post in schools (teachers)**

The table has shown the post of respondents in schools. Majority (61.7%) of respondents is primary teachers and minimum (38.3) are pre-primary teachers.

**Table.1- Mean, SD and t- value of the impact of multimedia based on language use in schools:**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Hindi</th>
<th>English</th>
<th>t-value</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mean</td>
<td>SD</td>
<td>Mean</td>
<td>SD</td>
<td></td>
</tr>
<tr>
<td>Multimedia elements make children more dependants in education.</td>
<td>.69</td>
<td>.466</td>
<td>.87</td>
<td>.341</td>
</tr>
<tr>
<td>Multimedia effects children personality.</td>
<td>.70</td>
<td>.460</td>
<td>.96</td>
<td>.206</td>
</tr>
<tr>
<td>Multimedia makes children’s education limited.</td>
<td>.61</td>
<td>.492</td>
<td>.57</td>
<td>.501</td>
</tr>
<tr>
<td>Lack of knowledge regarding multimedia teachers can’t provide correct knowledge.</td>
<td>.50</td>
<td>.503</td>
<td>.83</td>
<td>.383</td>
</tr>
<tr>
<td>Multimedia education effect children mind in which case when they see violence or negative things in videos.</td>
<td>.49</td>
<td>.503</td>
<td>.74</td>
<td>.444</td>
</tr>
<tr>
<td>Text or graphics sometimes does not sufficiently explain the definitions of new words.</td>
<td>.74</td>
<td>.440</td>
<td>.48</td>
<td>.505</td>
</tr>
</tbody>
</table>

(p<0.05*) & (P<0.001***)

The above table shown the significance different in multimedia elements makes children more dependant in education, multimedia effects children personality, lack of knowledge regarding multimedia teachers can’t provide correct knowledge, multimedia education effect children mind in which case when they see violence or negative things in videos, text or graphics sometimes does not sufficiently explain the definitions of new words. No significance shown in multimedia make children’s education limited.

V. CONCLUSION

The results show the impact of multimedia in early childhood education. In it is clear that multimedia makes student more physically dependent. It includes harmful effects which affect children personality and mind too. Due to lack of knowledge in teachers regarding multimedia, they don’t provide correct knowledge that’s by decreased student’s academic achievement. Multimedia elements not provide proper knowledge related to concepts.

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ABSTRACT: The Community College system in India aims at the empowerment of the disadvantaged persons through appropriate skills development leading to gainful employment. The process of predicting students preference towards the courses and analyzing performance is the biggest challenge for the community college institutions. In addition, community college education is booming in India. There is a need for analyzing the preference of students to provide courses of the need. Data Mining can be used in educational field to enhance our understanding of learning process to focus on identifying, extracting and evaluating variables related to the learning process of students. The investigation considered the bayes theorem based posteriori probabilities of dependent attributes. The objectives of the present investigation were framed so as to assist the enrollment process in vocational education of community colleges and they are:

(a) Generation of a data source of predictive variables,
(b) Identification of different factors, which effects a student’s preference and performance and
(c) Construction of a prediction model using classification data mining techniques on the basis of identified predictive variables.

Keywords: Data Mining; Bayes theorem; Predictive analysis.

1. INTRODUCTION

Community college system gives a second chance to those who have dropped out of school. It provides opportunity for those who otherwise would have been excluded [12]. In information systems, classification is one of the key parts for data mining. Such analysis can provide us with a better understanding of the important data classes and predict current and future data trends. The ability to predict/classify a student’s performance is very important in community college. The community college having vocational education programmes aimed at three target groups - tenth failed (Primary), tenth passed/twelth failed (secondary) and twelth passed (higher secondary). The courses for this group can be considered as computer courses, Technician courses and Hand made training courses. The computer courses taught are Diploma in DTP Operator (DDTP), Diploma in Animation, Diploma in Computer Applications, Diploma in Multimedia System and Diploma in Computer Hardware Servicing (DCHS). The programmes under Technician category are Diploma in Refrigeration and Air Conditioning Technician (DRAT), Diploma in House Electrician (DHE), Diploma in Plumbing Technician (DPT), Diploma in Four Wheeler Mechanism (DFWM), Diploma in Mobile Phone
Servicing and Diploma in Home Appliances Repair and Servicing. The Hand_made_training courses covers the programmes such as Diploma in Catering Assistant (DCA), Diploma in Fashion Design and Garment Making (DFGM), Diploma in Health Assistant (DHA), Diploma in Early Childhood Care and Education (Kindergarten), Diploma in Beautician, Diploma in Bakery and Confectionery and Diploma in Food Production. The primary objective of community college system is to provide life, quality education for the needy by removing blockades age bar and minimum qualification. With the changing scenario in the industry and job markets there is a need for identifying the preferences of community college students towards courses and providing the apt course based on demographic and socio-economic variables. In addition, the factors that affect the performance of students in terms of upward and downward trends in results can also be identified to make remedial measures for their upliftment. A very promising arena to attain this objective is the use of Data Mining (DM) [1].

2, RELATED WORK

Data Mining can be used in educational field to enhance our understanding of learning process to focus on identifying, extracting and evaluating variables related to the learning process of students as described by Alaa el-Halees [11]. Mining in educational environment is called Educational Data Mining. Han and Kamber [10] describes data mining software that allow the users to analyze data from different dimensions, categorize it and summarize the relationships which are identified during the mining process.

In fact, one of the most useful Data mining tasks in education applications is classification. There are different educational objectives for using classification, such as: to discover potential student groups with similar characteristics and reactions to a particular pedagogical strategy [2], to detect students’ misuse or game-playing [2], to group students who are hint-driven or failure-driven and find common misconceptions that students possess [3], to identify learners with low motivation and find remedial actions to lower drop-out rates [4], to predict/classify students when using intelligent tutoring systems [5], etc. And there are different types of classification methods and artificial intelligent algorithms that have been applied to predict student outcome, marks or scores. predicting student academic success (classes that are successful or not) using discriminant function analysis [6]; classifying students using genetic algorithms to predict their final grade [7]; predicting a student’s academic success (to classify as low, medium and high risk classes) using different data mining methods [8]; predicting a student’s marks (pass and fail classes) using regression techniques in Hellenic Open University data [9].

Pandey and Pal conducted study on the student performance based by selecting sixty students from a degree college of Dr. R. M. L. Awadh University, Faizabad, India. By means of association rule they find the interestingness of student in opting class teaching language[13].

Hijazi and Naqvi conducted as study on the student performance by selecting a sample of 300 students (225 males, 75 females) from a group of colleges affiliated to Punjab university of Pakistan. The hypothesis that was stated as "Student's attitude towards attendance in class, hours spent instudy on daily basis after college, students' family income, students' mother's age and mother's education are significantly related with student performance" was framed. By means of simple linear regression analysis, it was found that the factors like mother’s education and student’s family income were highly correlated with the student academic
performance[14]. Brijesh et al. work based on the student database to predict the students division on the basis of previous database using decision tree. Information’s like Attendance, Class test, Seminar and Assignment marks were collected from the student’s previous database, to predict the performance at the end of the semester[18].

Galit gave a case study that use students data to analyze their learning behavior to predict the results and to warn students at risk before their final exams[15].

On-line collaborative discussions have significant role in distance education courses. Automatic tools for assessing student activities and promoting collaborative problem solving can offer an improved learning practice for students and also offer useful assistance to teachers. Researchers developed a specific mining tool for making the configuration and execution of data mining techniques easier for instructors and in order to be of use for decision making, using real data from on-line courses [16][17].

In this paper, we considered the factors that influence the students preference towards the courses of community colleges and their performance in end semester results. The impact of socio-economic, demographic and academic attributes were considered for investigation.

3. NAIVE BAYES METHODOLOGY

Naive Bayes is the basis for many machine learning and data mining methods. In Bayesian classification is a classification method is applicable for huge dataset. Naive Bayesian classifier works with hypothesis H such as that the data tuple X belongs to a specified class C. The determination of \( P(H|X) \) that the hypothesis H holds given the evidence or observed data tuple X. \( P(H|X) \) is the posterior probability of H conditioned on X. Bayes’ theorem is useful in that it provides a way of calculating the posterior probability, \( P(H|X) \), from \( P(X|H) \) and \( P(X) \). Bayes theorem is

\[
P(H|X) = \frac{P(X|H)P(H)}{P(X)}.
\]

The naïve Bayesian classifier, or simple Bayesian classifier, works as follows:

1. Let D be a training set of tuples and their associated class labels. As usual, each tuple is represented by an n-dimensional attribute vector, \( X=(x_1, x_2, \ldots, x_n) \), depicting n measurements made on the tuple from n attributes, respectively, A1, A2, ..., An.

2. Suppose that there are m classes, C1, C2, ..., Cm. Given a tuple, X, the classifier will predict that X belongs to the class having the highest posterior probability, conditioned on X. That is, the naïve Bayesian classifier predicts that tuple x belongs to the class \( Ci \) if and only if

\[
P(C_i|X) > P(C_j|X) \text{ for } 1 \leq j \leq m, \ j \neq i
\]

Thus we maximize \( P(C_i|X) \). The class \( Ci \) for which \( P(C_i|X) \) is maximized is called the maximum posteriori hypothesis. By Bayes’ theorem

3. As \( P(X) \) is constant for all classes, only \( P(X|C_i) \) \( P(C_i) \) need be maximized. If the class prior probabilities are not known, then it is commonly assumed that the classes are equally likely, that is, \( P(C1) = P(C2) = \cdots = P(Cm) \), and we would therefore maximize \( P(X|C_i) \). Otherwise, we maximize \( P(X|C_i)P(C_i) \). Note that the class prior probabilities may be estimated by \( P(C_i) = |C_i,D|/|D| \), where \( |C_i,D| \) is the number of training tuples of class \( Ci \) in D.

4. Given data sets with many attributes, it would be extremely computationally expensive to compute \( P(X|C_i) \).

In order to reduce computation in evaluating \( P(X|C_i) \), the naïve assumption of class conditional independence is made. This presumes that the values of the attributes are conditionally
independent of one another, given the class label of the tuple (i.e., that there are no dependence relationships among the attributes). Thus,

\[ = P(x_1|C_i) \times P(x_2|C_i) \times \ldots \times P(x_m|C_i). \]

We can easily estimate the probabilities \( P(x_1|C_i) , P(x_2|C_i) , \ldots , P(x_m|C_i) \) from the training tuples. Recall that here \( x_k \) refers to the value of attribute \( A_k \) for tuple \( X \).

For instance, to compute \( P(X|C_i) \), we consider the following:
(a) If \( A_k \) is categorical, then \( P(X_k|C_i) \) is the number of tuples of class \( C_i \) in \( D \) having the value \( x_k \) for \( A_k \), divided by \( |C_i,D| \), the number of tuples of class \( C_i \) in \( D \).
(b) If \( A_k \) is continuous valued, then we need to do a bit more work, but the calculation is pretty straightforward. A continuous-valued attribute is typically assumed to have a Gaussian distribution with a mean \( \mu \) and standard deviation \( \sigma \), defined by

\[ g(x,,\mu,\sigma)=\frac{1}{\sqrt{2\pi}\sigma}e^{-\frac{(x-\mu)^2}{2\sigma^2}} \]

So that

\[ P(x_k|C_i)=g(x_k, \mu_i, \sigma_i) \]

We need to compute \( \mu_i \) and \( \sigma_i \), which are the mean and standard deviation, of the values of attribute \( A_k \) for training tuples of class \( C_i \). We then plug these two quantities into the above equation.

5. In order to predict the class label of \( X \), \( P(X|C_i)P(C_i) \) is evaluated for each class \( C_i \). The classifier predicts that the class label of tuple \( X \) is the class \( C_i \) if and only if

\[ P(X|C_i)P(C_i)>P(X|C_j)P(C_j) \]

for \( 1 \leq j \leq m, j \neq i \)

In other words, the predicted class label is the class \( C_i \) for which \( P(X|C_i)P(C_i) \) is the maximum. Bayes’ theorem assumes that all attributes are independent and that the training sample is a good sample to estimate probabilities.

4. EXPERIMENT AND ITS RESULTS

4.1 Data Preparation

Our dataset considers the students data from Fourteen community colleges in Chennai and Kanchipuram districts of seven each. The dataset having students strength of Three hundred admitted during calendar year admissions of 2011-2012.

4.2 Data selection and Transformation

Data cleaning processes enable us to fill in missing values, reduce noise while recognizing outliers, and accurate inconsistencies in the data (Han J. and Kamber M. 2008). It is known that too many attributes involved will very possibly result in discovered information that is difficult to interpret, or even meaningless. The first task is to remove from the dataset those fields/attributes/variables which were irrelevant to the task of analysis. The attributes such as community college code, caste, attendance and date of birth were not considered. Therefore, by in-depth discussion with domain managers, we eliminated some of the attributes and finally came to a conclusion of 9 attributes, namely 1) Place of residence 2) Gender 3) Marital status 4) Qualification 5) Life generation 6) Employment status 7) Course opted 8) Family financial status & 9) Result division. The data transformation task is data generalization, where low-level or primitive data are substituted by higher-level concepts during the use of concept hierarchies (Han J. and Kamber M. 2008). In the working set, eighteen
vocational courses of community college stream fall in three categories. The Eighteen different vocational courses taught under community college is being brought under three different classification such as Computer courses, Hands on skill and Technician courses. Students academic performance and their preferences towards the courses is analysed with demographic, academic and socio-economic variables.

Given a training set the naïve Bayes algorithm first estimates the prior probability $P(C_j)$ for each class by counting how often each class occurs in the training data. For each attribute value $x_i$ can be counted to determine $P(x_i)$. Similarly the probability $P(x_i | C_j)$ can be estimated by counting how often each value occurs in the class in the training data. When classifying a target tuple, the conditional and prior probabilities generated from the training set are used to make the prediction. The present investigation used data mining as a tool with naïve Bayes classification algorithm as a technique to design the student performance and preference prediction model. Filtered feature selection technique was used to select the best subset of variables on the basis of the values of probabilities.

Our Bayesian approach based model makes prediction analysis with maximum posteriori hypothesis. Posteriori probabilities of independent variables for the dependent class of result_division attribute is given table 4.1.

<table>
<thead>
<tr>
<th>Slno</th>
<th>Attribute</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Gender</td>
<td>0.37766</td>
</tr>
<tr>
<td>2</td>
<td>Marital_status</td>
<td>0.29638</td>
</tr>
<tr>
<td>3</td>
<td>Financial_status</td>
<td>0.25378</td>
</tr>
<tr>
<td>4</td>
<td>Course_opted</td>
<td>0.19186</td>
</tr>
<tr>
<td>5</td>
<td>Life_generation</td>
<td>0.13702</td>
</tr>
<tr>
<td>6</td>
<td>Qualification</td>
<td>0.12216</td>
</tr>
<tr>
<td>7</td>
<td>Employment_status</td>
<td>0.05401</td>
</tr>
<tr>
<td>8</td>
<td>Place_of_residence</td>
<td>0.00369</td>
</tr>
</tbody>
</table>

In order to predict students performance in end_semester is observed with attributes whose probability is greater that 0.30. In the above study, the attributes Gender and Marital_status are the highly influential variables to predict the dependent attribute result_division score of the students of the community college.
The relationship between the highly influential attribute gender and dependent attribute division obtained is shown in Figure 4.1. From the figure it is evident that female students highly dominated in C-grade whereas male student groups equally dominated in A and B-grades. The preference towards the dependent attribute course is decided by independent attributes and their corresponding posteriori probabilities are given in Table 4.2.

Table 4.2 Probabilities of Independent attributes on dependent attribute course_opted

<table>
<thead>
<tr>
<th>Slno</th>
<th>Attribute</th>
<th>Probability</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>LIFE_GEN</td>
<td>0.2749</td>
</tr>
<tr>
<td>2</td>
<td>M_STATUS</td>
<td>0.2506</td>
</tr>
<tr>
<td>3</td>
<td>DISTRICT</td>
<td>0.1919</td>
</tr>
<tr>
<td>4</td>
<td>DIV</td>
<td>0.1919</td>
</tr>
<tr>
<td>5</td>
<td>F-INCOME</td>
<td>0.1183</td>
</tr>
<tr>
<td>6</td>
<td>QUALI</td>
<td>0.094</td>
</tr>
<tr>
<td>7</td>
<td>EMP</td>
<td>0.0258</td>
</tr>
<tr>
<td>8</td>
<td>GENDER</td>
<td>0.0258</td>
</tr>
</tbody>
</table>

From Table 4.2, it is evident that the attributes Life_generation and M_status are the highly influential variables to predict the course_opted by the student.

The figure 4.2 shows the effect of independent attribute Life_generation which has highest probability dependent attribute grade score. Youth ones are the most predominate score in grade A. Grade B is scored by middle age groups followed by senior age ones, where as senior age...
groups normally score symmetric performances in all divisions. From the study of this paper, it is observed that the preference of community college students towards the course are not always depending on their own effort, the impact of life generation has the impact on it. In addition, the present study outlines the dependentab...ility of gender and marital status and its impact on academic performances of the students. The life generation of candidate has a major impact of course preferences of students followed by marital status of the candidate. This proposal will improve the insights over existing methods.

5. CONCLUSION

The interesting possibilities for the education domain can be achieved with the help of high-level extraction of knowledge from raw data using datamining techniques. This study was based on very specific to vocational courses of community colleges. The students preference towards the vocation courses was observed with Bayesian approach based on demographic and socio-economic variables. The preliminary results presented in this paper give us a first indication on how the information of community college students can be used to enhance better enroll and improve the performance of students as a result of data mining technique. The behaviour of stakeholders can be predicted with a greater degree of accuracy with the models that predict hidden patterns in large databases of community colleges and universities. These predictive models will help educational institutions like community colleges to address issues of students enrollement, performance and better reach of education to the needy.

6. REFERENCES


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Relationship Marketing: A competitive Marketing Strategy—
It’s Importance, Nature and Need: A Review

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ABSTRACT: In today’s intense competition, it is very important for any business organization to keep their customers otherwise the competitors will attract them as business is all about creating customer, satisfying a customer and retaining a customer. Increasing inflation rate, increasing rate of interests, hike in fuel prices, global slowdown in economic growth are a few reasons of worry for the companies to think differently to maintain their sales and profit. The business organizations are struggling for their survival and sustainable growth. On the other hand, the new economic policy of India has also opened its trade for the multinational companies. Therefore companies are trying to do something by which they can keep their customers and it is the Relationship Marketing which helps the companies to do so. It is an important tool for strategic competition management. As it is well known fact that a satisfied and loyal customer brings three new customers, therefore companies try all their efforts to maintain good relations with its customers. They are providing value for their money & efforts, they are providing information about their actions, they are inviting them for feedback etc.

Key words: Customer Retention, Channel Partnership, Emotional Bonding, Customer Loyalty, Customer Expectation.

1. INTRODUCTION
Relationship marketing was first defined as a form of marketing developed from direct response marketing campaigns which emphasizes customer retention and satisfaction, rather than a dominant focus on sales transactions. As a practice, relationship marketing differs from other forms of marketing in that it recognizes the long term value of customer relationships and extends communication beyond intrusive advertising and sales promotional messages. Relationship marketing has been positioned variously between being a set of marketing tactics, in which any interaction between buyers and sellers is described as a relationship, regardless of the parties’ affective commitment to each other, and a fundamental marketing philosophy which goes to the core of the marketing concept through its customer lifetime focus (Gummesson, 1999).

Relationship marketing is often defined as “a synthesis of marketing, customer service and quality management” (Christopher, Payne and Ballantyne 1991). It involves cultivating the right kind of relationships with the right constituent groups. The ultimate outcome of relationship marketing is the building of a unique company asset called a marketing network. A marketing network consists of the company and its supporting stakeholders (customers, suppliers, employees, distributors, retailers, ad agencies, and others) with whom it has built mutually profitable business relationships (Kotler, 2006). The move from transactional to relational exchange and relationship marketing has resulted in a shift in emphasis in both marketing theory and practice.

Relationship marketing is emerging as the core marketing activity for businesses operating in fiercely competitive environments. On average, businesses spend six times more to
acquire customers than they do to keep them. Therefore, many firms are now paying more attention to their relationships with existing customers to retain them and increase their share of customer’s purchases. Worldwide service organizations have been pioneers in developing customer retention strategies. Banks have relationship managers for select customers, airlines have frequent flyer programs to reward loyal customers, credit cards offer redeemable bonus points for increased card usage, telecom service operators provide customised services to their heavy users, and hotels have personalized services for their regular guests.

Relationship Marketing involves building relationships at many levels – economic, social, technical and legal resulting in high customer loyalty. It involves database marketing, interaction marketing and network marketing. Smart companies capture information at every possible touch point. Data base marketing integrates everything that a company’s sales, service and marketing teams know about individual customers to provide a 360-degree view of customer relationship. With the use of CRM (customer relationship management) it pulls together, analyses and provides easy access to customer information from all of various touch points (Kotler, P., Wong, V., Saunders, J., and Armstrong, G., 2005). Interactive marketing focuses on the organizations interactions with consumers on various touch points like service and support calls, website visits, satisfaction surveys, market research studies, introduction of loyalty cards like Sainsbury collaborating with Nectar.

2. HISTORICAL PERSPECTIVE

Researchers argue that RM represents a “paradigm shift in marketing” from its previous focus on “transactions,” in which firms use the “4P model” to manage marketing-mix variables (Gronroos 1994, p. 4; Sheth and Parvatiyar 2000). But is RM really a new phenomenon? What underlying trends or factors drive such a change? To answer these questions, this text offers a historical perspective of marketing thought and practice. Researchers have made the compelling case that relational-based exchange was the norm for most of recorded history; the anomaly of transaction-based marketing emerged only in the early 1900s. Thus, relationship marketing “is really a rebirth of marketing practices of the pre-industrial age” (Sheth and 2006). Thus, not surprisingly, research and practice in services, business-to-business, and channels contexts often include relational constructs. Early research in the service context also provides the roots for many key RM concepts (Berry 1983; Berry 1995). In reality, relationship marketing and branding strategies that focus on building brand equity also overlap.

Researchers suggest that relationships and brands represent two critical sources of intangible, market-based assets that can be leveraged into superior financial performance (Srivastava, Shervani, and Fahey 1998). But brand equity represents the differential effect of brand knowledge on customer action, such that customers behave more favorably toward a product when they can identify the brand (Keller 1993). Others argue that brand equity may be “a fundamentally product-centered concept” that does not capture drivers of customer behavior fully (Rust, Lemon, and Zeithaml 2004, p.110). Although RM and branding activities similarly focus on building intangible customer assets that positively influence customer loyalty, purchase behaviours, or financial performance while reducing marketing costs, they differ fundamentally in that branding focuses on “product(s)” with extensions to the firm, whereas RM primarily focuses on “relationship(s)” and their extensions to the firm. The distinction between branding and RM remains clear at the core level of products versus relationships, but as customers develop attitudes toward and beliefs about the overall firm, the individual impact of brands and relationships becomes difficult to separate. Thus, overall customer equity is generated from both
bran equity and relational equity. The relative importance of brands compared with relationships often depends on the context and/or the researcher’s perspective. For example, when a survey asks a customer to report on his or her “trust in a firm,” the question comprises both product and relationship-based trust. Differentiating brands and relationships pragmatically requires identifying the constructs measured and the focal referent of the construct; that is, relationship marketing focuses on the relationship (versus product) and measures relational characteristics such as trust, commitment, reciprocity norms, cooperation, and conflict.

3. IMPORTANCE OF RELATIONSHIP MARKETING

Relationship marketing has the aim of building mutually satisfying long-term relationships with key-parties-customers, suppliers, distributors, and other marketing partners in order to earn and retain business. Relationship marketing builds strong economic, social, technical ties among parties (Kotler, 2006). The simplest reason why firms seek to develop ongoing relationships with their customers is that it is generally much more profitable to retain existing customers than continually seeking to recruit new customers to replace lapsed ones (Palmer, 2001). Relationship marketing can be beneficial to the organization as well as to the consumers. From the firms perspective it helps to earn customer loyalty and customer retention. This can be done by primarily adding financial benefits to customer relationship. For example airlines offer frequent-flyer programmes, hotels give room upgrades to their frequent guests and supermarkets give patronage refunds. All these help in gaining customer loyalty, which in turn brings financial benefits to the firm. From the custome perspective it brings them psychological as well as rational benefits. A brand like Nike gives its customers more than just a athletic gear, beyond shoes, apparel and equipment Nike markets a way of life, a sports culture, a ‘Just do it!’ attitude. Brands like Mc Donald’s, Starbucks provide a sense of genuine customer involvement. At a store like Apple customers can just try out and see which electronic products they are interested in and accordingly make a purchase. At Subway customers can create their own sandwich with whatever they like! All these interactions with the customers just bring them emotional pleasures.

4. The Nature of Relationship Marketing

Understanding relationship marketing requires distinguishing between the discrete transaction, which has a “distinct beginning, short duration, and sharp ending by performance,” and relational exchange, which "traces to previous agreements and is longer in duration, reflecting an ongoing process. Categorized with reference to a local firm and its relational exchanges in supplier, lateral, buyer and internal partnerships.

Fig.1 The Relational Exchanges in Relationship Marketing
Figure 1 shows ten discrete forms of relationship marketing: (1) the partnering involved in relational exchanges between manufacturers and their goods' suppliers, as in "just-in-time" procurement and "total quality management" (Frazier, Spekman, and O'Neal 1988; O'Neal 1989); (2) relational exchanges involving service providers, as between advertising or marketing research agencies and their respective clients (Beltramini and Pitta 1991; Moorman, Zaltman, and Deshpande 1992); (3) strategic alliances between firms and their competitors, as in technology alliances (Nuene and Oosterveld 1988); co-marketing alliances (Bucklin and Sengupta 1993); and global strategic alliances (Ohmae 1989); (4) alliances between a firm and non profit organizations, as in public purpose partnerships (Steckel and Simons 1992); (5) partnerships for joint research and development, as between firms and local, state, or national governments (Comer, O'Keefe, and Chilenskas 1980); (6) long-term exchanges between firms and ultimate customers, as particularly recommended in the services marketing area (Berry 1983); (7) relational exchanges of working partnerships, as in channels of distribution (Anderson and Narus 1990); (8) exchanges involving functional departments (Ruekert and Walker 1987); (9) exchanges between a firm and its employees, as in internal marketing (Arndt 1983; Berry and Parasuraman 1991); and (10) within-firm relational exchanges involving such business units as subsidiaries, divisions, or strategic business units (Porter 1987).

Though adequately conceptualizing relationship marketing requires a definition that accommodates all forms of relational exchanges, extant definitions cover some kinds but not others. For example, in the services marketing area, Berry( 1983, p. 25) states, "Relationship marketing is attracting, maintaining and enhancing customer relationships" and Berry and Parasuraman (1991, p. 133) propose that "relationship marketing concerns attracting, developing, and retaining customer relationships.

5. RELATIONSHIP MARKETING IN PRACTICE

A good product or service should back a good relationship. A relationship is a mutual give and take. A relation occurs when the transaction occurs. However, transaction focus is mechanical and with human relations the managers cannot be mechanical. It is beneficial for both individuals, in good and bad times. If we take the example hotels, one hotel defines the elements of a good relation to be honesty, transparency, be forthright, and not differentiate between Indian and foreign customers. Expenses are not the focus in RM; facility development and provision is basic to RM, the focus is that the ‘Customer should not suffer’. The hotels act as solution providers.

One hotel for example provided wireless Internet connectivity, corporate loyalty programs, and international AVIS tie-ups. RM is very strong in hotels; it exists from Secretaries to CEOs. RM efforts are directed at CEOs, government, decision making people in organizations, ancillaries, related businesses, dealers, individual travellers, travel agents, upmarket socialites. RM efforts are also targeted at the officials who are in charge of bookings. Even a standard smile builds a relationship. Relation development takes place both through personal relation building and word-of-mouth relationships. In some hotels there are dedicated RM executives, RM managers who take care of account management of customers on an ABC classification.

In other hotels, the entire sales team is relationship building. In one hotel, one sales manager acts as the one source answer to around 120 companies. Trust in RM is very important. In some hotels this is the main focus. It needs to go along with commitment. It needs to develop
with the business. If deliverable is good then trust increases. There is no explicit buy in of customer; however the relationships are so well nurtured that the customer automatically buys. There is no need of selling after that. The switching costs are increased so that the customer is retained. The switching costs may be increased by emotional lock-ins, good experiences, excellent conferencing facility, holidaying for executives’ etc. In one hotel the concept is of ultimate service and they have won global awards for ultimate service. Such hotels do not focus on relationship marketing efforts but expect the customer to buy from them in a repeated manner owing to their ultimate service. Employees are empowered to decide that will reflect a sense of willingness to deliver impeccable service. Such organizations are very strong in operations and relationship marketing is only a small part of the customer pleasing process. Hotels offering ultimate service are part of a larger group of hotels offering value (through products, technology, and security) service quality.

The role of RM is to take care of emotional well being of customer. This is an important role of RM in marketing strategy. The emotional quotient level is high in the hotel business. Protecting emotional well being is linked to building trust. In one 5 star hotels for example, they take care of health – one Indian hotel calls Thailand massage experts to relieve stress of its guests who travel across countries and are subjected to stress. In another hotel they strive to provide the best security systems with good floor security, CCTV. There are also periodic reports on food tests on whatever is eaten to say that they care for the customer. Another hotel went all the way with police procedures to retrieve a stolen / misplaced item of a client who held a wedding party in a hotel. Relationships with the government are also important. In one hotel, there were 70 licenses allotted to run the hotel. Relationships with the government lead to important information, which can lead to advantages.

One example is of a hotel that got advance information through a relationship of the location of an international airport and bought land at a low price. Apart from relationships with government, external partnerships with vendors, food sampling and testing through microbiology sections, employee satisfaction, senior citizen package etc help improve company image in the market. It is not possible to displease the customer and maintain effective ongoing relationships. Customer retention is a very important part of RM and is the link to relationship management. In one hotel for example at one point of time there are 158 Managers from 130 companies to be serviced and every care should be taken that the customers are simultaneously well serviced. Customer acquisition is also important and is normally more expensive. RM also helps understand and track customer psyche and its changes based on which customer value propositions can be built. They also try to customize offerings based on their understanding of the customer psyche. RM programs in hotels include loyalty programs (dedicated loyalty programs are sometimes included), frequency marketing, tie-up with credit card companies, database marketing (local and central databases, segment focus), direct marketing, guest relationship program, preferred partner programs (one hotel had 350 preferred partners in city), direct email, newsletter, food festivals. Relationships are also driven by rate fixing for room rent, which goes on a variable rate depending on the business.

Customer management practices in one hotel includes (a) communication starting with RM manager (b) broadband facilities (c) complementary cocktail hour (d) complementary boardroom facility (e) international newspaper (f) Japanese breakfast (g) capture of customer profile and appropriate reactions. One hotel gave a helping hand to customers who stayed with them a long time for settling in a new home. Relationship marketing efforts give feedback for strategic decisions such as (1) opening up of new hotel, (2) start of new advertising campaign,
(3) competition action / reactions to be made. RM is normally expected to improve profitability, though it is the long-term profitability and not the short-term profitability that is expected to improve. The improvement in profitability also comes from the elements of trust. RM managers gather market intelligence and give market information advantages to strategic marketers, which enable better adjustments of the firm to the market over time. RM managers work on experience, that is the basic thrust. RM helps the seller to guide the moments of truth in his favour. The revolutionary thought in relationship marketing is to give what the customer wants and not what the selling firm wants.

6. WHY DO COMPANIES NEED RELATIONSHIP MARKETING?
The global economy is again on a roller coaster. Global crisis which started in 2008 is still affecting the whole world. In G20 summit at France, the main issues were related to global slowdown especially latest crisis in Greece and Europe. India cannot remain in isolation. It is also affected by European crisis. This is one of the reasons why the export is declining in last quarters. Data released by the commerce and industry ministry on Nov 8th 2011 showed India’s exports fell to a 12 months low of $ 19.9 billion in October 2011 pushing trade deficit to a four year high of $ 19.6 billion. Apart from this global slowdown we can summarise a few other reasons why do a company need relationship marketing:

- Increasing inflation rate
- Increasing rate of interests
- Hike in fuel prices
- Customers are becoming smarter and choosy
- Customers are well informed due to social networking and media awareness
- Cut throat competition
- Globalization and entry of MNCs
- Availability of substitute brands
- Low margin of profit
- Emerging rural market
- Emerging organized retailing
- New legal threats like competition bill and other proposed company bill
- Environment threats etc.

The following figure shows the fundamentals of Relationship Marketing.
These are a few reasons of worry for the companies to think differently to maintain their sales and profit. On the other hand, the new economic policy of India which is based on LPG has also opened its trade for the multinational companies. MNCs are coming. Government is planning for FDI in multi brand retailing while single brand retailing already had a provision of 100% FDI. Companies are facing tuff competition. There is a clutter of brands available to customers as a substitute. Therefore customers are free to bargain and negotiate to choose the best option which ultimately reduces the profit of margin too. According to the provisional data available of the 15th Census 2011, India now has a population of 1.21 billion, comprising 624 million males and 587 million females. The preliminary figures of the census 2011 show that India’s literacy rate has gone up from 63.83% in 2001 to 74.04% in 2011. Male literacy and female literacy stand at 82.14% and 65.46% respectively. Literates constitute 74% of population aged seven and above. This change in demographic environment shows that customers are becoming more literate and educated which makes them smarter & informative and companies are having big potential market to tape too even rural population has grown up. Social networking and media coverage has connected the whole world. Anything happens in the one corner of the world affects the other corner too. We have seen the recent developments in gulf countries which started one by one. Even Michel Dell in his visit to Bangalore recently in Jan 2012 said,” social media has enhanced relations with customers”. His company has two billion interactions with customers through social media. Emerging organized retailing format is also a cause for adopting relationship marketing by the traditional marketers. New laws and legal developments for saving interests of customers, environment threats which compel companies to produce eco friendly products is also one of the concerns. Inflation is out of control. Inflation rate is almost equal to or above 9% for last 11 months. Fuel prices are increasing day by day. RBI has increased 13 times Repo rate as well as reverse Repo rate but it is unable to manage the increasing rate of inflation. This is also keeping customers away from their shopping habit. Impulse buying is gone, customers are very choosy. Shopping is not done as a fashion or time pass but only when it is needed. The business organizations are struggling for their survival and sustainable growth. Therefore companies are trying to do something by which they can keep their customers and it is the Relationship Marketing which helps the companies to do so.

7. IMPORTANCE OF SERVICE QUALITY FOR MAINTAINING RELATIONSHIPS WITH CUSTOMERS

Service quality is often posited in the literature as an antecedent of customer/service Satisfaction. According to Coulter and Coulter (2002), a “service” is defined as, “any act or performance that one party can offer to another that is essentially intangible, and does not result in the ownership of anything”. Unlike physical products, services (as products) cannot be seen, tasted, felt, heard, or smelled before they are bought (Parasuraman et al., 1985). Because of a service’s intangibility, clients are often faced with not knowing what to expect of a service until they have tried that service. And since there are costs associated with trying services, clients perceive services as risky. In the financial services industry, the provision and delivery of services involves a variety of dimensions a variety of interactions between providers and customers. In particular, personnel are instrumental in the creation and provision of service quality and, in doing so, they need to ‘care’ for the customer. Fig. 2 shows Effect of service quality on building relationship quality.
The concept of service quality is concerned with customer satisfaction: putting the customer first, anticipating needs and problems, tailoring products and services to meet needs and problems, and being ‘nice’ to the customer. It also includes: service to the customer, delivery operations, employee relationships with customers, and internal relationships between employees and management.

Service quality for the customer requires an organization to pay attention to its products/services, delivery systems, delivery environment, technology and employees, which are highly interdependent.

**Product/service range:** This will include both basic products and augmented service offerings.

**Delivery systems:** Delivery systems and procedures need to operate efficiently they should be responsive and reliable.

**Technology:** It may be integral to a service product, its environment and delivery, and in financial services recent technological advances have made major contributions to facilitating customer-company exchanges and to increasing levels of service. For example, mechanization and computerization can increase speed, efficiency and accuracy of service. Technology will not replace people in the provision of financial services, and ‘high tech’ and ‘high touch’ go hand in hand, with enhanced use of technology acting as a basis for the provision of better personal service.

**Employees:** The role of employees in customer care cannot be overstated and includes their personal qualities, ability to understand and satisfy customer needs, and their skills and knowledge- including flexibility. Key characteristics for employees to perform effectively may relate to: process and technical skills, interpersonal and communication skills; team work skills, flexibility and adaptability, and empathy with the external customer. In general, employees must be able and willing to deliver desired levels of service in order to minimize gaps between service specifications and delivered service.

Typically, training programmes cover product, company and systems knowledge, awareness of employees’ role in assessing and meeting customer needs, and the economic impact
of everyone working together to support company goals. Critical to this is to focus on service encounters or relationships within organizations, at all levels and between levels (Lewis and Entwistle, 1990), which contribute to the service delivered to external customers. In addition to product/technical knowledge and relationship management, personal skills and interpersonal communication skill development is vital. This allows organizations to empower employees to exercise judgment and creativity in responding to customer needs and problems (Schlesinger and Heskett, 1991b). Knowing that management has confidence in employees helps create positive attitudes in the workplace and good relationships between employees, and between employees and customers.

8. CONCLUSION
Today companies are facing cut throat competition. Customers are becoming harder to retain. They are smarter, more demanding, informative and price sensitive. They always try to compare the offers given by different companies. Therefore relationship marketing is the strategic tool to retain the customers by way of emotional bonding and managing the competition. Simplified interpretations of relationship effects should be abandoned in favour of better models of relationship development and value determination. Relationship marketing is still in its ‘infancy stage’ among service companies in India due to several reasons. First and foremost there is a lack of understanding of the concept of relationship marketing among financial services firms and some firms have not properly understood the terms RM and hence assess the implications of this paradigm shift in the marketing practices of their companies.

9. REFERENCES

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Role of Women Entrepreneurship in Indian Economy: Related Challenges and Opportunities

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Abstract: - Woman constitutes the family, which leads to society and Nation. Social and economic development of women is necessary for overall economic development of any society or a country. Entrepreneurship is the state of mind which every woman has in her but has not been capitalized in India in way in which it should be. Due to change in environment, now people are more comfortable to accept leading role of women in our society, though there are some exceptions. The educated women do not want to limit their lives in the four walls of the house. They demand equal respect from their partners. However, Indian women have to go a long way to achieve equal rights and position because traditions are deep rooted in Indian society. Woman constitutes the family, which leads to society and Nation. Despite all the social hurdles, many women have become successful in their works. These successful women have made name & wealth for themselves with their hard work, diligence, competence and will power. Ability to learn quickly from her abilities, her persuasiveness, open style of problem solving, willingness to take risks and chances, ability to motivate people, knowing how to win and lose gracefully are the of the Indian women entrepreneurs. These women leaders are assertive, persuasive and willing to take risks. They managed to survive and succeed in this cut throat competition with their hard work, diligence and perseverance.

Keywords: - Entrepreneurship, Women, Business, Gender.

Introduction: - Entrepreneurship refers to the act of setting up a new business or reviving an existing business so as to take advantages from new opportunities. Thus, entrepreneurs shape the economy by creating new wealth and new jobs and by inventing new products and services. However, an insight study reveals that it is not about making money, having the greatest ideas, knowing the best sales pitch, applying the best marketing strategy. It is in reality an attitude to create something new and an activity which creates value in the entire social eco-system. It is the psyche makeup of a person. It is a state of mind, which develops naturally, based on his/her surrounding and experiences, which makes him/her think about life and career in a given way.

The women have achieved immense development in their state of mind. With increase in dependency on service sector, many entrepreneurial opportunities especially for women have been created where they can excel their skills with maintaining balance in their life. Accordingly, during the last two decades, increasing numbers of Indian women have entered the field of entrepreneurship and also they are gradually changing the face of business of today, both literally and figuratively. But still they have not capitalized their potential in India the way it should be.
Woman constitutes the family, which leads to society and Nation. Social and economic development of women is necessary for overall economic development of any society or a country. Entrepreneurship is the state of mind which every woman has in her but has not been capitalized in India in way in which it should be. Due to change in environment, now people are more comfortable to accept leading role of women in our society, though there are some exceptions. Our increasing dependency on service sector has created many entrepreneurial opportunities especially for women where they can excel their skills with maintaining balance in their life. Propose of this empirical study is intended to find out various motivating and de-motivating internal and external factors of women entrepreneurship. The position of women and their status in any society is an index of its civilization.

Women have been successful in breaking their confinement within the limits of their homes by entering into varied kinds of professionals and services women entrepreneurs have proved to be on par with their men counterparts in business acumen and are emerging as smart and dynamic entrepreneurs. There are many reasons for women to enter into entrepreneurial ventures in a predominantly society. Entrepreneurship among women is an important avenue through which women can overcome their subordination within the family and the family and the society as a whole. Therefore, development of entrepreneurship among women has received special attention of the policy makers. In this direction, a special character in the seventh plan has converted into the integration of women in economic development. The new industrial policy has stressed the need for conducting special Entrepreneurial Development Programme (EDPs) for women. Besides this, today, a network of institutions exists in the country to promote women entrepreneurship. The commercial banks and the financial institution are an integral part of this network. Many organizations/ institutions and association promote and develop women entrepreneurship by providing financial assistance at concessional rates of interest and also organize industrial fairs and exhibitions. Entrepreneurship Development Programme (EDPs) for women creates entrepreneurial awareness among them.

Objectives of the Study:

1. To identify the reasons for women for involving themselves in entrepreneurial activities
2. To identify the factors of hindrance for women entrepreneurship
3. To determine the possible success factors for women in such entrepreneurial activities.
4. To make an evaluation of people’s opinion about women entrepreneurship.

Research Methodology:

This research is a descriptive study in nature. The secondary data was collected from various journals, magazines, and websites.

Review of Literature:

Das, 2000 performed a study on women entrepreneurs of SMEs in two states of India, viz, Tamilnadu and Kerala. The initial problems faced by women entrepreneurs are quite similar to those faced by women in western countries. However, Indian women entrepreneurs faced lower level of work family conflict and are also found to differ from their counterparts in western countries on the basis of reasons for starting and succeeding in business. Similar trends are also found in other Asian countries such as Indonesia and Singapore. Again the statistics showed that the proportion of business setup and operated by women is much lower than the figures found in western countries.
Singh, 2008, identifies the reasons & influencing factors behind entry of women in entrepreneurship. He explained the characteristics of their businesses in Indian context and also obstacles & challenges. He mentioned the obstacles in the growth of women entrepreneurship are mainly lack of interaction with successful entrepreneurs, social un-acceptance as women entrepreneurs, family responsibility, gender discrimination, missing network, low priority given by bankers to provide loan to women entrepreneurs. He suggested the remedial measures like promoting micro enterprises, unlocking institutional frame work, projecting & pulling to grow & support the winners etc. The study advocates for ensuring synergy among women related ministry, economic ministry & social & welfare development ministry of the Government of India.

Jalbert, 2000 performed a study to explore the role of women entrepreneurs in a global economy. It also examined how women’s business associations can strengthen women’s position in business and international trade. The analysis is performed on the basis of facts and data collected through field work (surveys, focus groups and interviews) and through examining the existing published research. The study has shown that the women business owners are making significant contributions to global economic health, national competitiveness and community commerce by bringing many assets to the global market. As per the analysis of the research study, women entrepreneurs have demonstrated the ability to build and maintain long-term relationships and networks to communicate effectively, to organize efficiently, to be fiscally conservative and to be aware of the needs of their environment and to promote sensitivity to cultural differences. Researchers contend that women business owners possess certain specific characteristics that promote their creativity and generate new ideas and ways of doing things. These characteristics include focus, high energy level, personal motivations, self-employed father, social adroitness, interpersonal skills etc. There is a worldwide pool of economically active persons, known as the Women’s Indicators and Statistical Data Base (WISTAT), from which one can extrapolate the general number of women entrepreneurs. WISTAT titles the category “employers and own-account workers,” but the category could be termed as well as self-employed or business owners. The category describes those who are economically independent and who could be entrepreneurs. The number of women to 100 men in each region is represented for three decades spanning 1970 to 1990. The study revealed that the gap between men and women business owners has narrowed significantly. In 1970 women numbered 26 for each 100 men, but by 1990 women numbered 40 for each 100 men who were self employed

“Women” as Entrepreneurs in India:-

Women owned businesses are highly increasing in the economies of almost all countries. The hidden entrepreneurial potentials of women have gradually been changing with the growing sensitivity to the role and economic status in the society. Skill, knowledge and adaptability in business are the main reasons for women to emerge into business ventures. “Women Entrepreneur” is a person who accepts challenging role to meet her personal needs and become economically independent. A strong desire to do something positive is an inbuilt quality of entrepreneurial women, who is capable of contributing values in both family and social life. With the advent of media, women are aware of their own traits, rights and also the work situations. The challenges and opportunities provided to the women of digital era are growing rapidly that the job seekers are turning into job creators. They are flourishing as designers, interior decorators, exporters, publishers, garment manufacturers and still exploring new avenues of economic participation. In India, although women constitute the majority of the total population,
the entrepreneurial world is still a male dominated one. Women in advanced nations are recognized and are more prominent in the business world. But the Indian women entrepreneurs are facing some major constraints like Lack of confidence in their strength and competence.

- Identifying the available resources
- Knowledge in Business Administration
- Awareness about the financial assistance
- Socio-cultural barriers
- Market-oriented risks
- Motivational factors
- Exposed to the training programs

**Concept of Women Entrepreneurs:**

Women Entrepreneurs may be defined as the women or a group of women who initiate, organize and operate a business enterprise. The Government of India has defined women entrepreneurs as “an enterprise owned and controlled by women having a minimum financial interest of 51 percent of the capital and giving at least 51 percent of the employment generated in the enterprise to women.” According to Suresh Reddy women entrepreneurship is a composite skill, the resultant of a mix of many qualities and traits; these include tangible factors as imagination, readiness to take risks, ability to bring together and put to use other factors of production, capital, labour, land, as also intangible factors such as the ability to mobilize scientific and technological advances. Samwel (2003) viewed women entrepreneurship as a function which seeks investment and production process by raising capital, arranging labour and raw materials, finding site, introducing new techniques and commodities and discovering new sources for the enterprise. When we speak about the term “Women Entrepreneurship” we mean, an act of business ownership and business creation that empowers women economically, increases their economic strength as well as position in society.

Hence women-entrepreneurs have been making a considerable impact in all most all the segments of the economy which is more than 25% of all kinds of business. In India “Entrepreneurship” is very limited amongst women especially in the formal sector, which is less than 5% of all the business. Women Entrepreneurship Role in the emergence of entrepreneurs in a society depends to a great extent on economic, social, religious, cultural and psychological factors prevailing in the society. In many of the advanced countries of the world there is a phenomenal increase in the number of self-employed women after the world war. In U.S women own 25% of all business, even though there sales on an average are less than 2/5th of those of other small business groups. In Canada, 1/3rd of small business are owned by women and in France, it is 1/5th. In U.K., since 1990, the number of self-employed women has increased 3 times as fast as the number of self-employed men.

**Women and the Economy:**

The participation of women in the workforce, the quality of work allotted to them and their contribution to the GDP are indicators of the extent of their being mainstreamed into the economy. The National Skill Development Programme (NSDP) has identified 231 modular courses for women. It is critical that the training has relevance to the changing labour markets. Efforts are needed to link skill development programmes to the NSDP to ensure relevance and enhance employability. An important strategy for financial inclusion of women, which is crucial for their integration into the economy, has been micro-finance. The model encourages access of SHGs to banks both as a means of savings and as providers of loan services. By March 2010, 69.53 lakh SHGs including those formed under the SGSY had been covered under the National
Bank for Agricultural and Rural Development's (NABARD) SHG-bank linkage programme. Of these 76 per cent are exclusively women SHGs, accounting for 72.5 per cent of savings and 82 per cent of outstanding loans. Women Entrepreneurship in India earlier there were 3 Ks: Kitchen, Kids & Knitting, then came 3 Ps: Powder, Pappad & Pickles, at present there are 4 Es: Electricity, Electronics, Energy & Engineering.

**Reasons for Boosting Women Entrepreneurship:**

The role of women entrepreneurs in the process of economic development has been recognized form nineties in various parts of the world. Today, in the world of business, women entrepreneurship has become an essential movement in many countries and has been accepted in all areas of working. The United Nations report has also concluded that economic development is closely related to the advancement of women. In nations where women have advanced, economic growth has usually been steady. By contrast, in countries where women have been restricted, the economy has been stagnant. The data on correlation between Gender related development index and GDP per capital reinforces the above fact.

**Gender Related Development Index and its Component:**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>Gender related development index</th>
<th>As per % of HDI</th>
<th>GDP per capital (US $)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Australia</td>
<td>0.966</td>
<td>98.9</td>
<td>34923</td>
</tr>
<tr>
<td>2</td>
<td>Norway</td>
<td>0.961</td>
<td>99.6</td>
<td>53433</td>
</tr>
<tr>
<td>3</td>
<td>Iceland</td>
<td>0.959</td>
<td>99.0</td>
<td>44613</td>
</tr>
<tr>
<td>4</td>
<td>Canada</td>
<td>0.959</td>
<td>99.2</td>
<td>35812</td>
</tr>
<tr>
<td>5</td>
<td>Sweden</td>
<td>0.956</td>
<td>99.3</td>
<td>36712</td>
</tr>
<tr>
<td>6</td>
<td>France</td>
<td>0.956</td>
<td>99.4</td>
<td>33674</td>
</tr>
<tr>
<td>7</td>
<td>Netherland</td>
<td>0.954</td>
<td>98.9</td>
<td>38694</td>
</tr>
<tr>
<td>8</td>
<td>Finland</td>
<td>0.954</td>
<td>99.5</td>
<td>34526</td>
</tr>
<tr>
<td>9</td>
<td>Spain</td>
<td>0.949</td>
<td>99.4</td>
<td>31560</td>
</tr>
<tr>
<td>10</td>
<td>Ireland</td>
<td>0.948</td>
<td>98.2</td>
<td>44613</td>
</tr>
<tr>
<td>114</td>
<td>India</td>
<td>0.594</td>
<td>97.1</td>
<td>4102</td>
</tr>
</tbody>
</table>

Source: Human Development Report

As shown in the above table, Gender related development index is significantly correlated with GDP per capita. The value of correlation coefficient comes 0.857371. Therefore, it can be treated as one of the parameter to show the economic condition & growth of the country.

**Reasons for slow progress of Women entrepreneurship in India:**

The problems and constraints experienced by women entrepreneurs have resulted in restricting the expansion of women entrepreneurship. The major barriers encountered by women entrepreneurs are:

- Lack of self-confidence, will-power, strong mental outlook and optimistic attitude amongst women creates a fear from committing mistakes while doing their piece of work. The family members and the society are reluctant to stand beside their entrepreneurial growth.

- Women in India lead a protected life. They are even less educated, economically not stable nor self-dependent which reduce their ability to bear risks and uncertainties involved in a business unit.
The old and outdated social outlook to stop women from entering in the field of entrepreneurship is one of the reasons for their failure. They are under a social pressure which restrains them to prosper and achieve success in the field of entrepreneurship.

The greatest deterrent to women entrepreneurs is that they are women. A kind of patriarchal male dominant social order is the building block to them in their way towards business success. Male members think it a big risk financing the ventures run by women.

Male chauvinism is still prevalent in many parts of the country yet. Women are looked upon as "abla" i.e. weak in all respects. In a male dominated society, women are not treated equal to men that act as a barrier to woman’s entry into business.

Women entrepreneurs have to face a stiff competition with the men entrepreneurs who easily involve in the promotion and development area and carry out easy marketing of their products with both the organized sector and their male counterparts. Such a competition ultimately results in the liquidation of women entrepreneurs.

Unlike men, women mobility in India is highly limited due to many reasons. A single women asking for room is still looked with suspicion. Cumbersome exercise involved in starting with an enterprise coupled with officials humiliating attitude towards women compels them to give up their spirit of surviving in enterprise altogether.

Women's family obligations also bar them from becoming successful entrepreneurs in both developed and developing nations. The financial institutions discourage women entrepreneurs on the belief that they can at any time leave their business and become housewives again.

Indian women give more emphasis to family ties and relationships. Married women have to make a fine balance between business and family. The business success also depends on the support the family members extended to women in the business process and management.

Various Measures by Govt. of India:-

At present, the Government of India has over 27 schemes for women operated by different departments and ministries. Some of these are:

- Integrated Rural Development Programme (IRDP)
- Khadi And Village Industries Commission (KVIC)
- Training of Rural Youth for Self-Employment (TRYSEM)
- Prime Minister's Rojgar Yojana (PMRY)
- Entrepreneurial Development programme (EDPs)
- Management Development programs
- Women's Development Corporations (WDCs)
- Marketing of Non-Farm Products of Rural Women (MAHIMA)
- Assistance to Rural Women in Non-Farm Development (ARWIND) schemes
- Trade Related Entrepreneurship Assistance and Development (TREAD)
- Working Women's Forum
- Indira MahilaYojana
- Indira Mahila Kendra
- Mahila Samiti Yojana
- Mahila Vikas Nidhi
- Micro Credit Scheme
- Rashtriya Mahila Kosh
- SIDBI's Mahila Udyam Nidhi
Opportunities to Women Entrepreneurs:-
Highly educated, technically sound and professionally qualified women should be encouraged for managing their own business, rather than dependent on wage employment outlets. The unexplored talents of young women can be identified, trained and used for various types of industries to increase the productivity in the industrial sector. A desirable environment is necessary for every woman to inculcate entrepreneurial values and involve greatly in business dealings. The additional business opportunities that are recently approaching for women entrepreneurs are:
- Tourism industry
- Telecommunication
- Plastic materials
- Mineral water
- Eco-friendly technology
- Herbal & health care
- Food, fruits & vegetable processing
- Bio-technology
- IT enabled enterprises
- Event Management

Obstacles for Women Entrepreneurship:-
The entrepreneurial process is same for men and women. Successful men and women entrepreneurs undergo similar motivations and thus achieve success in largely same way under similar challenges. They are also found to have access to fund from the same sources. The same condition both men and women can be successful entrepreneurs. However, in practice most of the upcoming women entrepreneurs face problems that are of different dimensions and magnitudes than that faced by their male counterparts. These problems, generally, prevent these women entrepreneurs from realizing their potential as entrepreneurs. The major hurdles that the women face during starting and running a company generally come from financing and balancing of life. The balancing of life is caused due to lack of family support for the women. The other hindering external factors include gender discrimination, inaccessibility to information, training opportunities, infrastructure etc. Some internal factors like risk aversion by women, lack of confidence, lack of vision of strategic leader etc. can also create obstacles for the women entrepreneurship development.

Measures to Remove Obstacles:-
The elimination of obstacles for women entrepreneurship requires a major change in traditional attitudes and mindsets of people in society rather than being limited to only creation of opportunities for women. Hence, it is imperative to design programmes that will address to attitudinal changes, training, supportive services. The basic requirement in development of
women entrepreneurship is to make aware the women regarding her existence, her unique identity and her contribution towards the economic growth and development of country. The basic instinct of entrepreneurship should be tried to be reaped into the minds of the women from their childhood. This could be achieved by carefully designing the curriculum that will impart the basic knowledge along with its practical implication regarding management (financial, legal etc.) of an enterprise.

Adopting a structured skill training package can pave the way for development of women entrepreneurship. Such programmes can train, motivate and assist the upcoming women entrepreneurship in achieving their ultimate goals. Various schemes like the World Bank sponsored programmes can be undertaken for such purposes. The course design should focus on imparting input on profitability, marketability and practical management lessons. Besides, there should be consideration in helping the women entrepreneurs in balancing their family life and work life. As a special concern, computer illiterate women can be trained on Information Technology to take the advantage of new technology and automation. The established and successful women entrepreneurs can act as advisors for the upcoming women entrepreneurs. The initiatives taken from these well-established entrepreneurs for having interaction with such upcoming women entrepreneurs can be proved to be beneficial in terms of boosting their morale and confidence. It may result in more active involvement of women entrepreneurs in their enterprises. Infrastructure set up plays a vital role for any enterprise. Government can set some priorities for women entrepreneurs for allocation of industrial plots, sheds and other amenities. However, precautionary measures should be undertaken to avoid the misuse of such facility by the men in the name of the women. Even in today’s era of modernization the women entrepreneurs depend on males of their family for marketing activities. This is simply because they lack the skill and confidence for undertaking such activities. Women development corporations should come forward to help the women entrepreneurs in arranging frequent exhibitions and setting up marketing outlets to provide space for the display of products or advertisement about services made by women.

Suggestions for Improving Women Entrepreneurship in India:-

Following suggestion are made for being about improvement in the direction of women entrepreneurship.

1. Government should facilitate top ranker women entrepreneurs.
2. Women entrepreneurs should be more competitive and efficient in the local and international market.
3. Government should arrange special training programmes for the women entrepreneurship.
4. We should invite successful women entrepreneurs from foreign nations so as their Indian counterpart scan share their experience.
5. Government should provide separate financial funds for women entrepreneurs.
6. We should provide her with special infrastructure facilities whatever she needs.

Conclusion:-

The study tried to find out the difference among various set of people of the crucial factors which are concerned with the women entrepreneurial opportunities at large. Issues have been identified through various review of literature. It should be cross checked with the real entrepreneurs. These factors may vary from place to place business to business but women entrepreneurship is necessary for the growth of any economy whether it large or small.
It can be said that today we are in a better position wherein women participation in the field of entrepreneurship is increasing at a considerable rate. Efforts are being taken at the economy as brought promise of equality of opportunity in all spheres to the Indian women and laws guaranteed equal rights of participation in political process and equal opportunities and rights in education and employment were enacted. But unfortunately, the government sponsored development activities have benefited only a small section of women i.e. the urban middle class women. Women sector occupies nearly 45% of the Indian population. Despite all these odds, successful women’s entrepreneurs do exist. Women entrepreneurs have evidently more to “acquire” than their males counterparts. This is largely due to the socio-cultural environment in which Indian women are born and raised. Social customs, caste restriction, cultural restraints and norms leave women lagging behind men. They are not mentally geared to slip into an entrepreneurial role becomes of their family orientation, restricted mobility and limited access to resources. But given the opportunity, direction and guidance, they are capable of overcoming these limitations.

References:


Stress among Students — A Descriptive Study
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ABSTRACT: Technology advancements have always helped to constantly multitask and take more and more work and targets due to which people are under stern time pressures and are constantly moving which leads to stress. Increasing number of people seems to be overcharged and overburdened. People are finding it difficult to keep up their energy levels up and live a normal, peaceful life; instead most of their useful time gets wasted in coping from stress. This paper focuses on finding the stress level of management students who are working under immense pressure by meeting day to day deadlines, studying a number of subjects at a time, doing to many assignments and submitting the term projects on deadlines. Apart from fulfilling their course requirement, students also have to deal with different other pressures and fulfill their parent’s expectations. This study is done with the objective of discovering the causes of stress in the lives of students, the effects of stress, identifying the various variables associated with it and establishing definite relationships between these variables. The study also tries to identify the prominent underlying variables responsible for causing stress. For this a comprehensive survey via an online questionnaire has been conducted. This paper uses a descriptive methodology and focuses to find the effect of different causes on the stress levels and hence is an insight into the behavioral patterns of students when they experience the same.

Keywords: Stress quotient; Stress stimulants; peer pressure; stress factors; parental expectations.

1. INTRODUCTION
Everyone in this new world is in the race of getting and achieving as much as possible. Everybody wants the best piece of the cake that too with cream and cherry on the top. When everybody is in for the race and the goal is same, the competition becomes tough. Money is the root cause of everything and man has become the money making machine. To achieve success, luxuries, and a life full of convenience one has to work hard. Day-to-day life used to be very different for many people. People used to have more time to play and hang around with friends and family. They could go on vacations without worrying about the work. But now because of the accelerating pace of modern life and constant change, most people feel themselves under extreme pressures and this leads to stress. Because of this, life has now become full of hassles, deadlines, frustrations and demands. For many people, stress is so common that it has become a way of life. Stress is not always bad. It sometimes helps people and motivates them to perform better. A certain level of stress is healthy and can be motivating. In fact, if balanced correctly, stress can be a positive element in our lives.

According to American Psychological Association, Stress is a normal psychological and physical reaction to the ever increasing demands of life. Stress is a normal physical response to events that make people feel threatened or upset the life’s balance in some way. Stress is a constant for many of us because we live in a world full of stress. Stress can be about money,
marriage, job security, health issues, about studies, about children, about parents and can be about other relationships.

Academic stress among students is now the talk of the town and one of the very interesting topics to be studied. The earlier studies have identified different stressors affecting students. Specifically Students entering into the professional education needs to face many challenges to which they have never been exposed earlier. The pressure of achieving good grades and achieving a degree is very high. The potential sources of stress for these include excessive and unclear assignments, difficult worksheets, lengthy projects, uncomfortable classrooms, new classmates and new environment and in addition to this time pressures and deadlines may also be the sources of stress. Do these states of affairs are really the areas of concern and are causing academic stress?

2. STRESS TO STUDENTS

Stress is inevitable. Stress is an everyday occurrence and regardless of the profession of a person it cannot be eradicated from life because of the demands of our fast-paced and busy lives. Stress may occur to an adult, to a housewife, to a youngster or even to a student. Students’ stress is usually related to everyday experiences, worries and challenges at home, in college, in the community and within the peer group. A student may feel stressed because of various factors like social issues relating to peer group and group of friends and pressures related to that. It can be due to the family issues like family and the relationships or can be work leisure balance like maintaining balance between studies and other activities like hobbies.

Student may experience stress resulting from swaggering, ragging, social isolation, a sense of dissatisfaction, academic difficulties and new environment. The impact of ongoing stress, whether resolved or unresolved, can lead to feelings of eagerness, slump, natural frustration, depression, and poor assiduity, loss of compatibility, physical sickness, fatigue, sleep disorders and poor understanding. College can be stressful for many reasons: some get stressed because of a new environment, sudden changes in environment, loss of solace or greater academic requirements, loads of assignments, competitions with fellow students, a crest of success, a lump of failures, poor relationships with other students, fear of teachers, overcrowded or noisy lecture halls, semester/trimester system, multiple subjects and subject related problems and inadequate resources to perform academic work. Last but not the least, very important is the pressure to perform well in the examination. This makes academic environment very stressful. When students feel stressed at college, they may resort to the excessive use of stimulants like tea or coffee or they may indulge in different types of intoxicants like alcohol, tobacco or drugs.

College life can be sometimes so stressful that students cannot function properly. Their health, overall performance, ability to think and social life can all suffer when stress becomes too much to handle. Stress may lead to severe and grave health conditions including high blood pressure, digestive issues, depression, and anxiety and they become prone to illness. Stress can affect student's academic life.
Prof. Nidhi, an experienced academician says that: *There is nobody in the world, which is not stressed due to one or other reason. Stress does not come alone; it brings anxiety, fear and anger along with it. Students are more prone to stress due to lot of reasons viz. curriculum load, competition, pressure from home to prove themselves, social activities etc. Under stress, the students become irritated on small things, remain nervous all the day and are usually unable to handle situations. Choosing to deal with stress may result into over thinking, smoking, or over eating. But every one of us should live knowing that it’s just a matter of choice. Our health, happiness and life depend on it. A simple mantra to deal with stress is to identify the reason behind it, find a timely solution and if no solution is within the sight, better ignore it.*

3. PURPOSE OF STUDY

Due to extreme stress in this fast paced world a student’s social relations both within the institution and outside are affected. There are many milestones which college students have to overpower in order to achieve their optimum academic performance. This highlights the need for research to examine the root cause of academic stress faced by students at various levels of learning at management institutions. In this regard, this paper tries to identify the different levels of stress which students are facing and to know the frequency of and the variables causing stress. It also tries to find out the dependence and independence of various factors involved.

4. OBJECTIVES

The main objectives of this study are:
1. To know the level of stress among students.
2. To find out the factors causing stress.
3. The dependence of usage of stimulants or drug intake and frequency of stress.
4. The dependence of frequency of stress and the peer pressure.
5. The dependence of parental expectations and the frequency of stress.

5. RESEARCH METHODOLOGY

The study follows a systematic and scientific approach. The Research Methodology used here is descriptive in nature. Since already much has been said and written on similar topics across various studies, this study is aimed to gain further insight into the topic and look at it with a new perspective. For this, a survey is conducted on 100 students of the B school where I am working, was taken and recorded using an online questionnaire. It had questions on the following categories:
1. Bio-data: to gain an idea about the sample demographics like age group, etc.
2. Causes of stress: Factors that the respondents believed are causes for stress in their lives.

5.1 Hypothesis

A research always starts with a presumption. The assumption is based on some variables under study. This study also started with some assumptions. Prior to collection of data and while designing the questionnaire, the following variables were identified on the basis of which the
hypothesis is framed and then it is to be tested to give conclusive proof about the relationships between these variables, if any. The variables are:

- Frequency of stress occurrence
- Frequency of use of caffeine stimulants
- Degree of stress/Levels of stress
- Degree of importance of parental expectations
- Degree of peer pressure relevance

On the basis of these variables, the following hypotheses are framed:

H₀: The frequency of stimulant’s (like tea or coffee) use is independent on the frequency of stress occurrence.

H₀: The frequency of stress is independent of parental expectations.

The idea here is to test the dependence of the different variables on the frequency of stress. To test the hypothesis, Chi square test is used. Since this study is of descriptive nature and involved a survey, the data collected is primary data.

5.2 Data Analysis and Testing

While analyzing the data collected from the study many variables were identified. The first and the foremost is the frequency of stress. We know that students are affected by stress but how and when and up to what level, knowing that is very important. Are they regularly under it or there is some specific period or occasion when they are stressed. It is very important to know whether they are usually stressed because of the environment of the institute or they feel stressed when they have to follow some deadline or some submission of project on a particular date has to be done. Out of 100 students, it was found that almost all the students are affected by stress. The study shows the following result:

![Fig 1: Levels of Stress among Students](image)

Around 56% of the students said that they experience stress occasionally. 24% said often they are affected by stress. 10% said that they are always under stress. Only 2% said that they never feel stress in studies. This infers that more than half of the students under study feel the pressure under some specific circumstances. Only the negligible numbers of students never feel stress. The other important variable which is identified is about the cause of the stress. What are the reasons because of which the level of stress increases or decreases? As discussed earlier there can be many factors like, tests and examinations, assignment and project submission, social issues as in the peer pressure and pressure because of friend’s competitiveness, social issues involving family pressures and parental expectations or the work life balance issues which is between studies and accessing hobbies.
Fig 2: Causes of Stress among Students

The result says that 42 out of 100 students feel stressed because of tests and examination, 32 said the reason is the work life balance issues. Very close to them are the two other group of students. 23 said the stress is due to social issues and 20 said due to personal issues. Only 9 said it is due to assignments that means students are used to writing assignments and don’t feel stressed because of that.

Fig 3: Levels of Stress among Students

When stress engulfs a student’s mind and his life, they are not able to cope the stress and they indulge into the use of stimulants and intoxicants. When asked, the students got divided into three clusters. The major cluster was formed of 40 students saying that they never indulge into such activities. But a very good amount of students said that they daily use stimulants to avoid stress and the count are 31%. 75% students said no matter how much is the stress, they never take drugs or use tobacco. The analysis shows that 55% of the students agree that peer pressure enhances stress while 36% said that their social status hardly affect their state of mind. It was surprising to study that only 37% students believe that parental expectations put pressure on them and they are not pressurized much because of this factor.

Earlier whenever we mentioned the causes of stress, we talked about the environment, the social or personal reasons but one of the very important point is to know what students think and against whom they compete with. They were given basic three options which were, against themselves, against immediate competitor and against the topper. 57% students said that they just compete against themselves. They believe in increasing their grades by motivating themselves. They don’t look to anybody for it. A very interesting point that came up is 24% students said that they don’t believe in competition. They don’t compete instead they just believe in studying and working hard. Rest 12% responded that they are stressed as they compete against the immediate competitor.
Fig 4: Competition among Students

We expected that mentors and teachers can be a good source of reducing stress as students can feel relaxed, light and motivated talking to mentors. When asked, 59% students said that the advice of their mentors reduces their stress and encourages them. But against that 31% said this advice has no effect on them; neither positive nor negative.

Fig 5: Effect of Mentoring from Teachers

Also, few variables were identified and hypothesis is tested using the chi square tests. The first Hypothesis is:

H0: The frequency of stimulant’s use and the level of stress are independent of each other.
Ha: The frequency of stimulant’s use and the level of stress are dependent of each other.

Assuming the level of significance to be 5% the tabulated value calculated came out be, \( \chi^2_{\text{tab}} = 15.507 \) and the calculated value of \( \chi^2 \) i.e. \( \chi^2_{\text{cal}} \), came out to be 0.098579. On comparison against \( \chi^2_{\text{tab}} \), it is realized that the value of \( \chi^2_{\text{cal}} \) is smaller hence, H0 is accepted i.e. the hypothesis, frequency of caffeine stimulant use is independent on the frequency of stress occurrence is accepted.

The second hypothesis is: H0: The frequency of stress is independent of parental expectations.

Again chi square was applied using 5% level of significance. It was found that \( \chi^2 \) tab = 26.296 and the calculated value of \( \chi^2 \) i.e. \( \chi^2_{\text{cal}} \), came out to be 27.171. On comparison against \( \chi^2 \) tab, it is realized that the value of \( \chi^2_{\text{cal}} \) is greater hence, H0 is rejected i.e. the hypothesis, frequency of stress is independent on parental expectations is rejected and hence it says that the level of stress increases as the parental expectations increases.

6. RESULTS AND FINDINGS

The above survey clearly infers the following points:
56% of students said they experience stress occasionally. There are many factors which cause stress in a student’s life but 42%, which is highest, agreed that maximum pressure is built whenever there is some test or examination approaching. More than half of the respondents rated 4 as there level of stress on a scale of 1 to 5. The opinion about whether they get affected by their friends opinion, the response was scattered, still the majority i.e. 38% rated it 2 on a scale of 1 to 5 which infers that they don’t care about their social status and it doesn’t affect the stress in their life. No matter how stressed respondents are the survey says that 75% of them never indulge in the use of intoxicants. A very good finding here is that the students feel very relaxed and motivated when their mentors coach them. Their guidance encourages them to perform better and relieve stress too. This coaching helps them to be confident and they keep themselves as the benchmark. They never compete with each other, they believe in competing with themselves.

7. CONCLUSION

From the results of analysis, it was observed that a student’s life can be very pressurized and stressful. Students experience stress due to many reasons like peer pressure, social pressures, work life balance, personal issues and the environment of the institute, where they are studying. Maximum stress is experienced due to tests and assignments and their deadlines. It was found that students experience stress mostly because of peer pressure and parental expectations. They are not much affected by their competitors in class. It is also observed that students compete with themselves and don’t compete with others. Advice and counseling of mentors is one thing which helps them relieving from stress and motivates them. The test says that the students under analysis don’t indulge in stimulants and intoxicants when they feel stressed. They sometimes use tea/coffee but not regularly and they are not addicted. The hypothesis that was framed about a relationship between the identified variables, frequency of occurrence of stress and frequency of use of caffeine stimulants, proved that latter is independent on the former and define the behavior of students.

8. REFERENCES