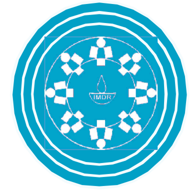
SILVER JUBILEE YEAR 1994-2019

ISSN : 2230-8431

MANAGEMENT RESEARCHER

A PEER REVIEWED JOURNAL



Vol. XXVI No. 2
Oct-Dec 2019

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Published by
Institute of Management Development and Research
TC 27/ 1317, Convent Road, Thiruvananthapuram 695001
Phone: 0471-2453039, 2477952 Mobile: 9496776039
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Printed and Published by Prof. S. Krishnan Nair for
INSTITUTE OF MANAGEMENT DEVELOPMENT AND RESEARCH
Convent Road, Thiruvananthapuram, Pin: 695001
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SUBSCRIPTION RATES

	Single Copy	Annual	For 5 years	Abroad (Annual)
Individuals	Rs.200/-	Rs.600/-	Rs.2500/-	$75
Institutions	Rs.250/-	Rs.1000/-	Rs.4000/-	$150

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Chief Editor's Voice

IMPROVING EASE OF DOING BUSINESS

Our country is blessed with bountiful natural resources and specific demographic advantage. What we need today is an environment which helps the country to achieve its greater potentials. With this aim in perspective, for the last six years, the Prime Minister and his team of ministers have been focusing on several aspects like Financial Inclusion, Clean India Campaign, Digital India, Skill India, Make in India and now the focus is on fitness through Fit India Movement.

India is going through major social and economic changes. As a result the new India is poised for scaling greater heights and proved to be a catalyst for global development. India is witnessing rapid economic and social changes and is going through a big transformation marching towards a new India. For this to happen India had to wait for seven long decades. Now it aims to achieve the position of a five trillion economy in 2022 when India celebrates its 75th year of Independence. The economy was on its path of progress in this direction for the last five years. In order to achieve its potential prospects India needs to achieve at least 10 percent growth rate. But after a broad based deceleration in the initial quarters of this fiscal, India's growth rate is projected to fall to 6 per cent according to the World Bank. However, the bank in its latest edition of the south Asia Economic Focus, said the country was expected to recover to 6.9 in 2021 and 7.2 per cent in 2022. According to the billionaire philanthropist and Microsoft co-founder Bill Gates "India has the potential for "very rapid" economic growth over the next decade which will lift people out of poverty and allow the government to invest in health and education priorities in an "exciting way". For this we need a positive climate in ease of doing business in India.

Recently India has done considerably well in terms of moving up the ranking in ease of doing business which measures the performance of countries across ten different dimensions in the twelve months period. The ten areas of studies are: starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting the minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency.

Last year India jumped 23 notches in order attain the rank of 77 among 190 countries. The government has set a target of achieving the rank of 90 in 2019 and 50 in 2020. This year, that is in 2019, India climbs 14 notches in ease of doing business ranking. The World Bank placed India 63rd out of 190 countries, an improvement of 14 places from its earlier position in 2018 ranking. India is featured for the third consecutive year in the list of ten economies where the business climate is improved the most. The countries comprises Saudi Arabia, Jordan, Togo, Behrain, Tajikistan, Pakistan, Kuwait, China , India and Nigeria.

The World Bank report called India's reform efforts "particularly commendable" given the country's size. The country's improved ranking was on the back of four reforms:- starting a business, dealing with the construction permits, trading across borders and resolving insolvency. The report noted that the make in India programme and the government's attention to the ease of doing business indicator were the means to demonstrate tangible progress. reflect

Government has taken substantial efforts in relaxing regulations as well as removing ambiguities, still global consumers and retail companies are hesitant to take decisions to invest in India. Modi government's success in economic governance was reflected in the massive jump that World Bank has given to India in three consecutive years. It is the revelation of Indian economy's journey from fragile five to the fabulous few of the fast growing big economies

As per the current report of the World Bank New Zealand, Singapore, Hong Kong, Denmark, South Korea, United States of America, Georgia, United Kingdom, Norway and Sweden are the ten toppers in that order. Globally rising trade barriers, heightened uncertainty around trade and geopolitics, idiosyncratic factors, etc, have strained emerging markets. The structural factors such as ageing population in the western world have made the things worst. Improving ease of doing business has come as a shot in the arms of India. Improving ease of doing business is both a challenge as well as an opportunity as far as India is concerned. Increasing the domestic investment and improving ease of doing business are considered to be the key to FDI inflows.

India's journey from 142 in 2014 to 63 in 2019 is remarkable. Credit goes to Prime Minister and his entire team of ministers and the Department of Industrial Policy and Promotion (DIPP). Improvement in the ranking of ease of doing business will push India further accelerate its journey to realize its full economic potential and will bring growth, jobs and better quality of life to all citizens. It will support Prime Minister's vision of prosperous India. Bhagavad Gita ends with a beautiful sloka the meaning of which is still relevant in the crisis ridden global economic situations. It says that we need men of wisdom (Principles) and men of action (Practice) to achieve success and prosperity through strong policy interventions. Better ranking in ease of doing business will reignite India's reform agenda to push growth, tackle critical issues like creating more jobs, usher in more tax friendly laws, strengthen India's position in global trade and create more conducive environment to attract foreign direct investments in critical segments. It will also help government to take strong action for the revival of GDP growth through economic stability. It will further add fire to the hope and aspirations of young India. It will ignite the foreign investors to continue to invest in India with confidence in debt and equity structures. Government's ease of doing business would drive the growth agenda and as sought by the experts, over the next decade, it will lift people out of poverty and allow the government to invest in sectors which will provide sufficient job opportunities.

A STUDY ON THE RELATION BETWEEN MAKE IN INDIA CAMPAIGN AND ENHANCED FDI INFLOWS

***Abhirami G S**

Abstract

Make in India is a national program, formulated with the objective of job creation and skill enhancement in 25 sectors of the economy and to transform India into a global design and manufacturing hub. The much-appraised program was launched by Honourable Prime Minister Shri. Narendra Modi, in September 2014 as a part of a range of nation-building initiatives. There was a sudden upsurge in the Foreign Direct Investment (FDI) inflows into the country after 2014 and India became the top destination globally in 2015 for FDI, surpassing the USA and China. This study attempts to find out the link between Make in India campaign and the rise in FDI inflows in India. The goal of the study is to know whether the Make in India campaign could boost up the FDI inflows into India. The secondary data collection methods are used to get the necessary data relating to this study.

Key words:- Make in India, Foreign Direct Investment, Inflows

Make in India is a major new national programme of the Government of India designed to facilitate investment, foster innovation, enhance skill development, protect intellectual property and build the best in class manufacturing infrastructure in the country. The primary objective of this initiative is to attract investments from across the globe and strengthen India's manufacturing sector. It is being led by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry, Government of India.

FDI in simpler terms means –"an investor based in a country acquires an

**Abhirami G S, Department of Commerce, University of Kerala*

asset in another country with the intent to manage that asset". (OECD 2000).There was a sudden upsurge in the inflows of FDI from 2015 in India. India became a favourite destination for investment. The Government has taken various measures to make a pathway to open new sectors to attract foreign direct investment. FDI policy modifications are introduced to bring ease of doing business and gear up the velocity of foreign investment in India.

Objectives of the study

The main objective of the study is to investigate the relation between Make in India launch and FDI inflows into the country.

Research Methodology

The study is based on secondary data sources.

Make in India – the Concept

Make in India Make in India initiative was launched by Prime Minister of India on 25th September 2014 to project India as a preferred investment target and a global manufacturing focal point. The major objective behind the initiative is to refurbish focus on removing unemployment by job creation, skill advancement, nurturing innovation and sky-scraping eminence standards in the industrialized sector. Make in India launch focuses on four key areas to promote industrialization and entrepreneurship.

- Focus on New Processes & Initiatives: Several steps have been taken to improve the process of performing business tasks and to promote private enterprises, have been taken under the tutelage of "Make in India".
- Focus on Dynamic Infrastructure: Accessibility of contemporary and dynamic infrastructure is a key ingredient for the growth of the industry. The government has proclaimed many programs to reinforce the existing infrastructure.
- Focus on Different Sectors: 25 sectors have been acknowledged in industrialized, services and infrastructure. Further to this, detailed information is being available on interactive web portals. "FDI has been opened up in reserved sectors like defence production, media, and construction and railway infrastructure in a big way which allows for greater private sector participation"
- Focus on New Outlook: After this launch, the government approach has shifted from being a regulator to a facilitator. "Make in India" launch.

In line with the Make in India, individual states too launched their local initiatives, such as "Make in Odisha", "Tamil Nadu Global Investors Meet", vibrant Gujarat, "Happening Haryana" and "Magnetic Maharashtra".

As per the current policy, 100 per cent Foreign Direct Investment (FDI) is permitted in all 100 sectors, except for the Space industry (74 per cent), Defence industry (49 per cent) and Media of India (26 per cent). Japan and India had also announced a US$12 billion "Japan-India Make-in-India Special Finance Facility" fund to push investment.

FDI Policy

The Government has started up with a freethinking policy on FDI, under which FDI, up to 100 per cent, is permitted, under the automatic route, in most sectors/activities. There is a diminutive list of sectors, which are "either prohibited for FDI or are subject to restrictions like equity caps, entry route or conditionality". Further to this, the FDI policy is evaluated on an enduring basis, to making it more investor-friendly. A lot more changes have initiated by the government of India in FDI policy in recent times to make sure that India remains as an attractive investment destination. To liberalize and make FDI a straightforward policy, for providing ease of doing business in the country leading to larger FDI inflows, the Government has brought in FDI related reforms and liberalization of the various sectors/areas of the economy during the year 2015

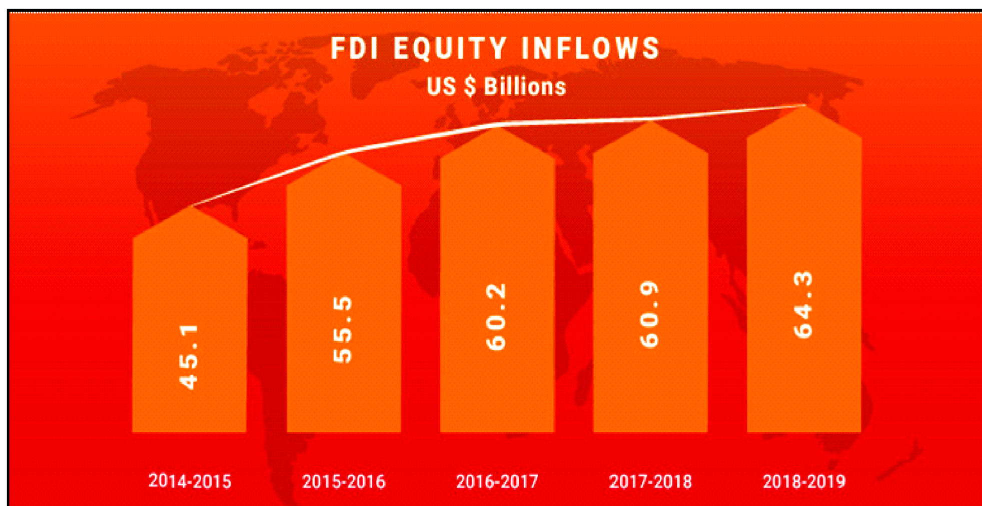
Impact of Make in India Launch

The launch has made India as the top destination all over the world for FDI surpassing the top economies. This launch has helped the economy to grow in an overall manner, resulting in the overall development of the country as a whole. India was ranked 15th in the world in 2013 in terms of FDI inflow; it rose up to 9th position in 2014 while in 2015 India became the top destination for foreign direct investment. India has been ranked as the most preferred destination for investment and among the world's fastest-growing economies by international agencies.

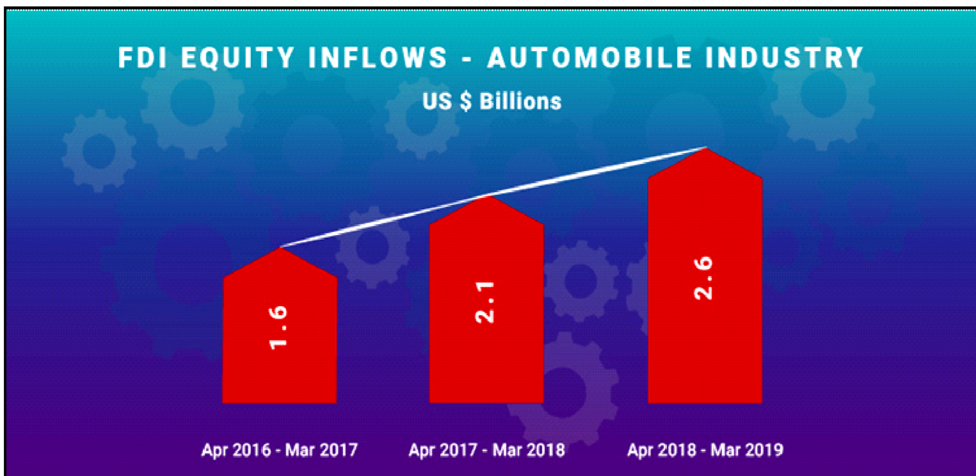
The World Bank's latest 'Doing Business Report'(DBR, 2019) acknowledges India's jump up of 23 positions against its rank of 100 in 2017 to be placed now at 76th rank among 190 countries. By the end of 2017, India had raised 42 places on Ease of doing business index, 32 places World Economic Forum's Global Competitiveness Index and 19 notches in the Logistics Performance Index.

FDI Inflows

FDI in India has followed a positive trend since the launch of Make in India.



Source: www.makeinindia.com



Source: www.makeinindia.com

FDI inflow from April 2014 to March 2019 (US$ 286 bn) is 46.94 per cent of the overall FDI received in the country since April 2000. For the first time, India crossed the US$ 60 bn mark in FY 2017-18 with US$ 60.9 bn in FDI, due to the investment-friendly policies and opening of FDI allowance in various sectors.

The automobile industry in India witnessed a growth of 25.54 per cent during 2017-18 to 2018-19. FDI equity inflows increased substantially to US$ 2.09 bn during 2017-18.The first 6 months of 2018-19 have seen FDI inflows of US$ 2.6 bn as against US$ 2.09 bn in the whole 2017-18.

Conclusion

India has already proved itself as one of the fastest-growing economies of the world. It has been ranked among the top 10 attractive destinations for investments from all over the world. Since 1991, the regulatory environment in terms of foreign investment has been consistently eased to make it investor-friendly. Make in India was one such initiative. Make in India and FDI was a positive step to awake the investors and bring then to India and it represents a wide-ranging refurbish of processes and policies.

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3. *https://iosrjournals.org/iosr-jbm/papers/Vol19-issue7/Version-3/D1907032535.pdf*
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A STUDY ON THE ROLE OF FDI IN INDIA'S MANUFACTURING SECTOR - TRANSFORMING INDIA INTO A MANUFACTURING POWERHOUSE

***Anjana I S**

Abstract

India is home to three major sectors, viz., the primary sector, the secondary sector and the tertiary sector. The primary sector's share had declined and is currently at 14 per cent. India's emphasis on services sector is slowly dampening the prospects of other sectors. In order to revitalize the economy, a major makeover of all sectors is required, especially the major harbinger of growth - 'the Manufacturing Sector'. Thriving production activities and technological advancements are essential for the economic growth of any country. This makes the manufacturing industry, the most crucial sector to focus on. This makes the Government's ambitious flagship program 'Make In India' imperative. This initiative aims at capturing larger markets, which requires larger investments and this is where FDI comes into play. The capital inflow from foreign investors' increases productivity, augments growth, strengthens infrastructure and creates multitude of job opportunities. The paper mainly focuses to elucidate the importance of FDI in transforming India into a manufacturing powerhouse and also to identify various changes in the FDI inflow pattern after the introduction of the 'Make In India' initiative. It also sheds light on the significance of domestic manufacturing in an emerging economy, like, India.

Key words:- Manufacturing sector, FDI, Make In India, Domestic Manufacturing, Emerging Economy.

From being ranked 63rd position on the World Bank's ease of doing business Index. Previously it was in the 77th rank out of 190 countries. India's growth journey has been remarkable. With a picturesque landscape, promising dividend, demographic setup, boundless resources and the strong–willed nature to march towards development, India is nothing short of a paradise. Her economic prowess is dominated by 3 main sectors viz. the primary sector, the secondary sector and the tertiary sector. India's rise as a rapidly growing economy is characterized by the ascendancy of the Services (Tertiary) sector over the other sectors. The service sector's contribution

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to the GDP of India is more than 50 per cent and this is slowly dampening the prospects of other sectors.

A strong economy requires the support and co-operation of its 3 major pillars – 'Agriculture', 'Manufacturing', 'Services'. The focus and attention must be proportionately divided among these three vital areas. The Indian Economy is currently witnessing a downward spiral and the over-emphasis on one industry and the under-performance of others are considered to be the two main causes for this fall. The rising unemployment scenario, the evident Automobile industry crisis, the NBFC crisis and the noticeable fall in the Indian Rupee against the US Dollar are all casting dark clouds over India's most sought after goal of becoming a '$5 trillion economy' by 2025. The economy is in a dire need of a major makeover and there is no better place to start it rather than from the 'Manufacturing sector'.

Manufacturing sector is the best route that India should take to achieve its 'Global Superpower' status, which is complemented by the most ambitious yet achievable '$5 trillion economy' goal. Manufacturing sector is the answer to almost all the impending questions that India is facing now. Thriving production activities and technological advancements are essential for the economic development of any country, which makes manufacturing industry, the pivotal industry to focus on.

The general and economic prowess of a country is measured by the development of its manufacturing industries. It offers impetus to other sectors to nurture, grow and flourish. In order to become a 'Global Superpower', India must first achieve the 'Global Manufacturing Hub' status and for that, the scale and pace of manufacturing in India needs to be increased, with more emphasis on domestic manufacturing. This is where; the ambitious flagship program of the Government of India, launched on 25th September, 2014, called the 'Make In India' plays a dominant role.

The 'Make In India' is a prominent program designed to facilitate investment, ensure skill development and to build a strong manufacturing infrastructure in the country. The main idea behind this massive venture is to create a favourable and desirable environment for manufacturing in India and to encourage companies in India and abroad to set up manufacturing segments in the country. This programme is estimated to have a huge potential to revamp the economy from the unprecedented slow down. This reiterates the fact that increasing the manufacturing sector's share in the GDP is an inevitable process and this can be done by not only catering to the needs and wants of the domestic market but also of the world market. Larger the market areas, larger are the funds required and this is where Foreign Direct Investment (FDI) comes into play. Manufacturing is a major sector which absorbs foreign investment and revamping India's manufacturing sector requires persistent efforts by the Government to exhibit India as a lucrative market to invest in. Right now, 'Make In India' is one of the initiative that has the potential to attract FDI into the Indian market.

 ISSN : 2230-8431

The inflow of FDI can boost up the manufacturing sector. The growth of the manufacturing sector can improve the rural as well as the urban economy and also helps to restructure the export and import position of our country, making India one step closer to its most anticipated dream.

The global market is juggling between the incessant trade wars and political instabilities, which has lead the world to a state of economic uncertainty. This is the time when investors are looking for stability, certainty, reliability and feasibility amidst the global uncertainty and India proves to be a safe haven at this time. Research says that, the Indian Manufacturing sector has the potential to reach USD 1 Trillion by 2025, contributing approximately 25 per cent to India's GDP against its current nominal contribution.

'Make In India', if given the right nourishment at the right time, can definitely create wonders to the Indian economy. When FDI replicates the role of food and water, the Government should become the sunlight, to nurture and grow 'Make In India', so that, it can become a phenomenal success.

Literature Review

In the review of literature section, the researcher tries to examine the FDI inflow pattern into the Indian market, especially into the manufacturing sector.

- Sanghamitra Samal and D.Venkatarama Raju in their Research Paper, "A Study of Foreign Direct Investment (FDI) on Manufacturing Industry in India; an emerging economic opportunity of GDP growth and challenges" analysed the role and importance of FDI in manufacturing sector. The study observed that; trade, GDP, Reserves GDP, exchange rate, are the main determinants of FDI inflows to the country and also observed that FDI is a significant factor influencing India's economic growth and also it provides a sound base for development by enhancing the financial position of the country.
- Madhavan Mani and Mu.Nithyashree in their Research Paper, "Make In India – FDI and its impact on Economic Growth" analysed the effect of FDI on economic development after the launch of 'Make In India' campaign and also investigated the relationship between FDI and Economic Growth. They also observed that the surge in FDI inflows post – 2014 may be due to the 'Make In India initiative'.
- K. Narayana Swamy et.al (2016) in their Research Paper 'Make In India' observed that the 'Make In India' initiatives will attract investments from business around the world and will strengthen India's Manufacturing sector. 'Make In India' is a well-recognised part of India's economic future. The campaign has been concentrating to fulfill the purpose of job creation, enforcement to secondary and tertiary sector, boosting the national economy, converting India to a self-reliant country and to give the Indian economy global recognition.

- Seema Sangwan (2015) in her study on 'Making "Make In India" a realism: Role of FDI', analysed the implication for 'Make In India' and observed that the tougher task for India is to address competitiveness in non-cost factors. It has been analysed that there is high correlation between industrial production and FDI inflows
- Miao Wang in her Research Paper, 'Manufacturing FDI and Economic Growth: Evidence from Asian Economies' analysed the impact of different sector – level FDI inflows on host countries economic growth. The study observed that FDI in manufacturing sector has a significant and positive effect on economic growth in the host economies. FDI inflows in non-manufacturing sectors do not play a significant role in enhancing economic growth.

Objectives of the Study

1. To study the factors affecting FDI inflow into the manufacturing sector.
2. To study the inflow pattern of FDI into the Indian market since the launch of 'Make In India' initiative.
3. To study the part played by FDI in boosting domestic manufacturing in India.

Period of the Study

The study covers a period of five years, from 2014 to 2019.

Sources of Data

The study is based on secondary data that have been collected from various sources i.e., published research papers, DPIIT's Annual Report, Annual Report of the RBI, journals, magazines and various websites.

Indian Manufacturing Sector

Manufacturing sectors are harbingers of growth, prosperity and development. The manufacturing sector is one of the major drivers of Indian economy, with multitude of companies engaged in producing large machinery to small plastic products. 'Indian manufacturing' sector is broadly divided into various categories viz.:

- Capital goods and Engineering
- Chemicals, Petroleum and Fertilizers
- Consumer Non-durables
- Mining
- Gems and Jewellery
- Packaging
- Electronics, IT hardware and peripherals
- Leather and Related products
- Steel and Non-ferrous metals
- Textiles and Apparels
- Water Equipment

The tremendous growth of any country cannot take place unless its manufacturing sector holds a significant position in the growth pyramid. The share of manufacturing sector in India's GDP is 16 per cent with a growth trajectory of 25 per cent.

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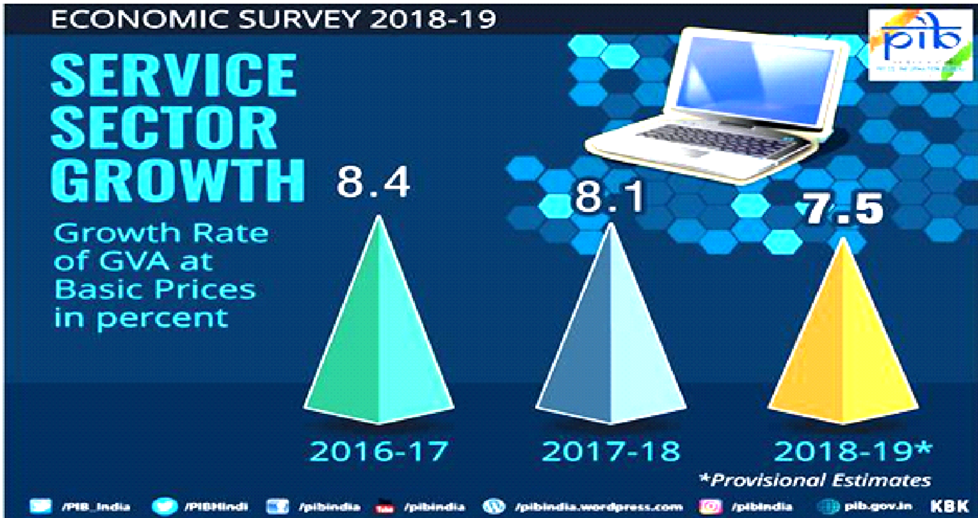
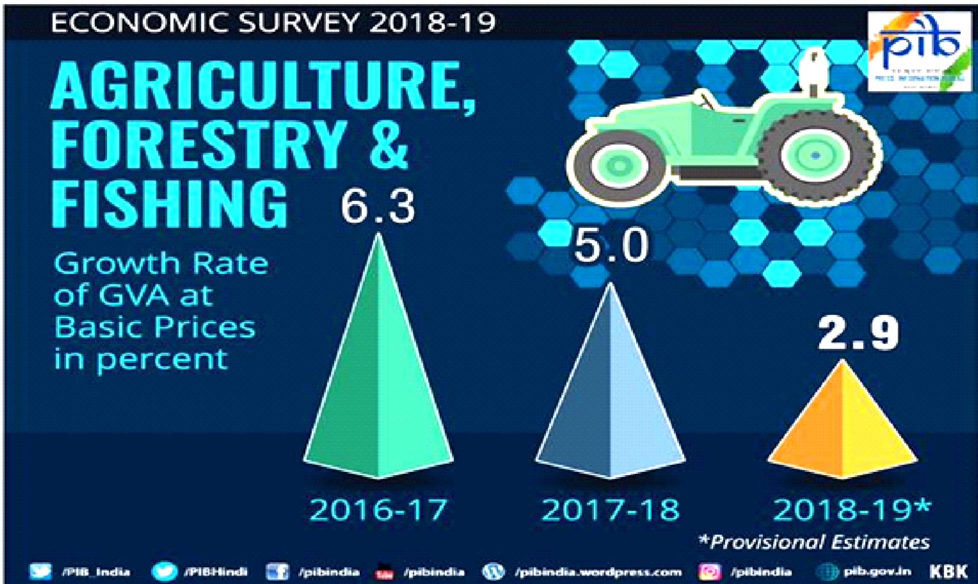
Figure 1



Source: www.pib.gov.in

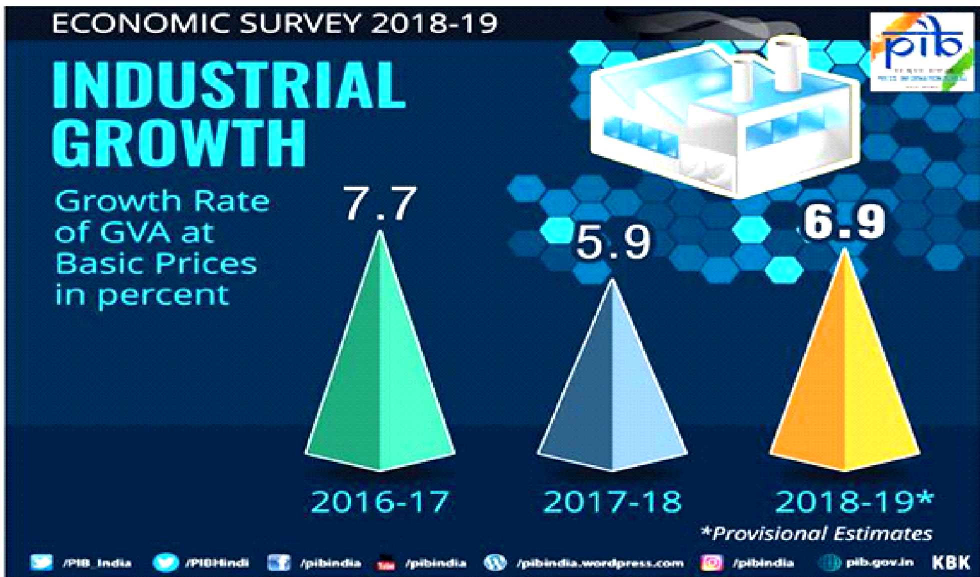
Figure 2



Source: www.pib.gov.in

The above diagram (Figure 1) shows that the service sector still remains the major contributor to Gross Value Added (GVA). GVA is the measure of total output and income in the economy. Despite the evident efforts to boost the 'Manufacturing Industry', 'Service Sector' rules majority of the GDP contribution. As per the Economic Survey of 2018-19, the share of India in the world service exports has also increased from 2 per cent in 2005 to 3.5 per cent in 2017. It also

Figure 3



Source: www.pib.gov.in

states that this share is much higher than the manufacturing exports which stand at 1.8 per cent in 2017. This slow export growth rate of the manufacturing sector, translates into a meager share in the total GDP of the country.

The above diagram (Figure 2) indicates that there is a significant decline in the growth rate of the agriculture and allied sector. After two years of good growth, the figure touched down to a nominal 2.9 per cent (provisional estimate) by the year 2018-2019

The above diagram (Figure 3) shows that the manufacturing sector is going upward but at a slow pace. The manufacturing industry showed an upward trend especially after 2014. One of the major catalysts of growth in the manufacturing sector is undoubtedly the 'Make In India' initiative. As per the Annual Report of the RBI, in the year 2012-13, the manufacturing sector (as on August 22nd, 2013) received around USD 6528 Million. The total FDI during this period was only USD 18,286 Million. Whereas, as per the report, there was an evident surge in FDI earnings Post - 2014 period. When comparing the data from 2014-2019, the highest inflow into the Indian market was recorded in the FY 2016-17, with USD 11,972 Million and this large sum was attracted by none other than the manufacturing sector. This indicates that there is a visible increase in the FDI earnings post the 'Make In India' phase. FDI in India has followed a positive trend since the launch of the 'Make In India' initiative in the year 2014.

'Make In India' and FDI

The 'Make In India' program was launched by the Prime Minister Sri Narendra Modi in September 2014 to transform India into a manufacturing

Table 1

ANNUAL REPORT

APPENDIX TABLE 9: FOREIGN DIRECT INVESTMENT FLOWS TO INDIA: COUNTRY-WISE AND INDUSTRY-WISE

(US$ million)

Source/Industry	2014-15	2015-16	2016-17	2017-18	2018-19 P
1	2	3	4	5	6
Total FDI	**24,748**	**36,068**	**36,317**	**37,366**	**38,744**
Country-wise Inflows					
Singapore	5,137	12,479	6,529	9,273	14,632
Mauritius	5,878	7,452	13,383	13,415	6,570
USA	1,981	4,124	2,138	1,973	2,823
Japan	2,019	1,818	4,237	1,313	2,745
Netherlands	2,154	2,330	3,234	2,677	2,519
United Kingdom	1,891	842	1,301	716	1,211
South Korea	138	241	466	293	982
Cayman Islands	72	440	49	1,140	863
UAE	327	961	645	408	853
Germany	942	927	845	1,095	817
Hong Kong	325	344	134	1,044	598
Canada	153	52	32	274	548
Ireland	11	8	12	108	427
France	347	392	487	403	375
British Virgin Islands	30	203	212	21	290
Switzerland	292	195	502	506	280
Luxembourg	204	784	99	243	251
Others	2,846	2,476	2,012	2,464	1,959
Sector-wise Inflows					
Manufacturing	9,613	8,439	11,972	7,066	7,919
Financial Services	3,075	3,547	3,732	4,070	6,372
Communication Services	1,075	2,638	5,876	8,809	5,365
Retail & Wholesale Trade	2,551	3,998	2,771	4,478	4,311
Computer Services	2,154	4,319	1,937	3,173	3,453
Business services	680	3,031	2,684	3,005	2,597
Electricity and other energy Generation, Distribution & Transmission	1,284	1,364	1,722	1,870	2,427
Construction	1,640	4,141	1,564	1,281	2,009
Miscellaneous Services	586	1,022	1,816	835	1,226
Transport	482	1,363	891	1,267	1,019
Restaurants and Hotels	686	889	430	452	749
Education, Research & Development	131	394	205	347	736
Mining	129	596	141	82	247
Real Estate Activities	202	112	105	405	213
Trading	228	0	0	0	0
Others	232	215	470	226	102

P: Provisional.
Note: Includes FDI through approval and automatic routes only.
Source: RBI.

Source: www.rbi.org

powerhouse. The major driver of this initiative is undoubtedly the FDI inflows into the Indian Market. The year 1991 has brought significant changes in the investment environment of India. This has eased FDI norms, promoting foreign investment in almost all the sectors. The Campaign has brought important

reforms such as simplified investment norms for several sectors, including Railways, Defense etc. and also has brought more sectors under the ambit of 'FDI through Automatic Route'. India can definitely become the most favorable and desirable hotspot with the help of 'Make In India'.

FDI Inflow Pattern

FDI refers to a major monetary source in which foreign companies invest directly in fast growing businesses to take the benefit of the favourable business environment. FDI showed a glimmer of hope to the 1991 economic crisis. Liberalization paved way to the flow of more FDI into the country. There are two routes by which India gets FDI:

1) The Automatic Route (without the prior approval of the Government or the RBI)

2) The Government route (Prior approval of the Government is required)

The table (Table 1) shows the FDI flows to India, both country-wise and industry-wise, from 2014-15 to 2018-19 (Provisional estimate).

It is evident from the table that the FDI inflow has considerably increased from 2014-15 to 2018-19. The total FDI inflow into the Indian market has increased by 56 per cent (approximately) from the year 2014-15.

The Manufacturing sector, specifically registered an increase of 10.7 per cent, when compared to the year 2017-18.

Conclusion

India is a land of legions of opportunities. It is one of the fastest growing economies in the world. Both a review of relevant literature and an analysis using secondary data sources suggest that with a terrific young population, emerging global presence, liberating business norms, rising global competitiveness and a large customer base, India is every Investor's paradise. India can become a global super power only if it becomes the most attractive destination for investments, especially in the manufacturing sector. The revival of the manufacturing sector is the need of the hour and FDI proves to be the pedestal for India to leapfrog into the global manufacturing hub status.

Apart from the recently introduced reforms by the Hon'ble Finance Minister Nirmala Sitharaman, the Government must also see to it that there is adequate infrastructure for FDI to nurture. The unending formalities for FDI infusion must be reduced, a skilled labor force must be carved to assist the domestic manufacturing sector, a proper mechanism should be devised to identify and optimally utilize various resources and more importantly all the stake holders must actively assist in creating a conducive investment climate in the country. These measures would surely help India to grow by leaps and bounds, translating the efforts in making the country, a lucrative manufacturing powerhouse.

 ISSN : 2230-8431

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FACTORS AFFECTING CROSS BORDER INVESTMENT: AN OVERVIEW

***Aswathy Nath N J**

Abstract

Cross border investment means investing in a company integrated under the laws of another country either by an individual or a company by way of mergers and acquisitions and/or forming a new company or taking over an existing company. During 1970s, "less economically developed countries" (LEDCs) was the common term for markets that were less "developed" (by objective or subjective measures) than the developed countries such as the United States, Western Europe, and Japan. These markets were supposed to provide greater potential for profit, but also more risk from various factors. But in 1990s the concept of cross border investment seizes a significant role in the global market in India. The transfer of money, power, shares, as well as the cultures lead these countries to maintain a strong position in the global market. Cross border investment inflow into India was at an all-time high of $ 42 billion in 2018 (according to United Nations Conference on Trade and Development (UNCTAD) which was $7.78 billion during 2010-12. It shows the tremendous change in the liberalized entry conditions of the nations. Even, there are certain factors should consider in Cross Border Investment. The present paper tries to provide an over view about the significance of cross border investment as well as the major factors affecting cross border investment.

Key words:- Cross Border Investment, Economic Factors, UNCTAD, FDI

Cross border investment means investing in a company integrated under the laws of another country either by an individual or a company by way of mergers and acquisitions and/or forming a new company or taking over an existing company. An Individual or a group of related Individuals, a public Company, a private Company, a Government Body; and an Estate; Trust and/or Social Institutions can make cross border investments. They make investment through incorporating a subsidiary and/ or a company which is owned by the original company, acquiring shares in an associated enterprise, through Mergers and Acquisitions with a local Company

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and participating with an Equity Joint Venture with another investor and/or enterprise.

The important types of cross border investment are inward investment and outward investment. Inward investment means an external or foreign entity either investing or purchasing the goods of a local economy. Outward investment means when a domestic firm expands its operations to a foreign country via merger/acquisition or expansion of an existing foreign facility. After taking the decision to invest, the investor should always consider certain factors like economic factors, social and cultural factors, political and legal factors, etc.

Objective of the Study

The important objective of the paper is to study the different factors affecting Cross Border Investment

Methodology of the Study

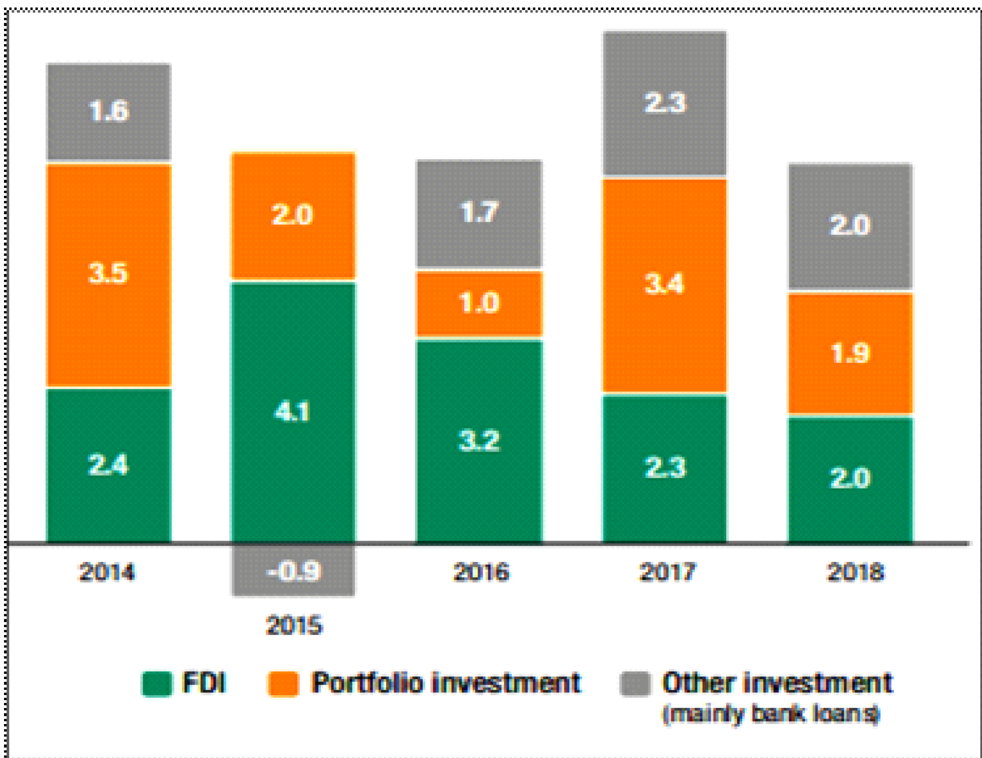
The study is descriptive in nature. It is based on the existing literatures regarding behavioral finance and thus it fully depends on secondary data.

Empirical Discussions

During 1970s, "less economically developed countries" (LEDCs) was the

Figure 1

Global cross-border capital fl-ows, 2014–2018 (Per cent of GDP)



Source: UNCTAD, based on IMF World Economic Outlook Database

common term for markets that were less "developed" (by objective or subjective measures) than the developed countries such as the United States, Western Europe, and Japan. These markets were supposed to provide greater potential for profit, but also more risk from various factors. But in 1990s the concept of cross border investment seizes a significant role in the global market. The transfer of money, power, shares, as well as the cultures lead these countries to maintain a strong position in the global market. In 2017, 65 countries and economies adopted at least 126 investment policy measures, of which 84 per cent were favorable to investors to attract cross border investment.

They liberalized entry conditions in a number of industries including transport, energy and manufacturing. They also promoted and facilitated investment by simplifying administrative procedures, providing incentives and establishing new special economic zones (SEZs). The figure 1 reveals the decline in global FDI flows was in line with the trend in other cross-border capital flows. Together FDI, portfolio flows and other investment (mostly bank loans) amounted to $5 trillion, or 5.9 per cent of global GDP in 2018, a decline of more than 20 per cent from 2017.

Factors affecting cross border investment

The major factors influencing cross-border investments are discussing here. Economic conditions, political and legal factors, social and cultural factors, market attractiveness and capability of the company are considered to be the major factors which affects the cross border investment.

Economic Conditions

When a company or an individual decided to enter into a foreign market, it is important to study the existing market condition, which includes the interest rates, tax rates, law, policies and governmental activities. Because these factors were indirectly affects the investment value. If the market condition is favorable to the investor, then they will stick with the existing market.

Social and Cultural Factors

Every country is different in its cultural and social factors. Obviously these factors have an inevitable influence in cross border investment decision. When a company want to introduce a new product in a country which was already successfully launched in some other countries, it is not necessary that it will be accepted by the people there. They may be sometime like to stick on the existing product due to certain social or cultural factors. If the investment will be fruitful only by understanding the socio - cultural factors followed by the people in the country which the company is going to invest.

Political and Legal Factors

Political and legal factors play an important role in cross border investment. The investment depends on the legal and political freedom existing in the countries. Now - a - days' most of the countries provide an open forum for the foreign investment than the domestic investment. Also the countries intend a liberalized policies and legal formalities to attract cross border investments. So an investor always gives much attention to legal formalities and policies in different countries before making investments.

 ISSN : 2230-8431

Market Attractiveness

Access to the market, potential competition and dynamics of the industry are different market factors affects the investment decision. A big market with a rapid rate of growth can be very attractive, and a big upfront investment can be justified in such a market. Lack of entrenched competitors and stability in the type and number of competitors add to the attractiveness of the market.

Capability of the Company

Another important factor is the capability of the company to invest in such a market. Before a company decides to go global, it should conduct an audit of its resources and capabilities. The Company should have clear competitive advantages in terms of market knowledge, technology, the portfolio of products, reliable partners and other relevant parameters, failing which the company can face a big loss in a foreign market or may end up bearing such losses that the standing of a company in the domestic market may also suffer.

Conclusion

Cross border investment holds a great role in the 21st century as it transfers money, power, shares and even culture between countries without any barriers. Corporate collaboration helps the companies to develop domestic markets as well as strengthen the value proposition of companies seeking to compete abroad.

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Gita and Happiness

According to Abraham Maslow human needs fall in two categories, physiological and psychological. Lasting happiness is not possible if physiological needs like food, shelter, clothing, health and education are not met. But the main concern of Bagavad Gita is with higher order happiness beyond the satisfaction of basic needs. It describes about the importance of moderation in human activities including eating. It also emphasizes on lokasamgraha, means welware and well-being of the people.

FRANCHISING AS A STRATEGY FOR NEW ENTREPRENEURS

***Balamuraly B**

Abstract

Franchising as an entry mode can be defined as a type of licence agreement that enables an organization to enter a foreign market quickly with a small amount of risk, resource and commitment. Franchising also involves assisting the contractual partner with the design, equipment, organization and marketing along with normal license to use name and trademark. The company that is selling the contractual partnership is called franchisor and the other company signing the partnership is called franchisee. As a compensation for the services of the franchisor the franchisee has to pay a lump sum payment and a share of his future profits also called as royalty payments. The main aim of this study is to understand the pros and cons of investing in a franchise business from the perspective of the franchisee. The study also looks into various industries in which franchising opportunities exist and how to get in contact with these companies. This paper is descriptive in nature and its main focus is to describe franchise opportunities for small business owners and new entrepreneurs in various industries in India. The study concludes by stating the importance of franchising as a business model to small business entrepreneurs.

Key words:- Franchisor, Franchisee, Licence

Franchising as an entry mode can be defined as a type of licence agreement that enables an organization to enter a foreign market quickly with a small amount of risk, resource and commitment. Franchising also involves assisting the contractual partner with the design, equipment, organization and marketing along with normal license to use name and trademark.

The company that is selling the contractual partnership is called franchisor and the other company signing the partnership is called franchisee. As a compensation for the services of the franchisor the franchisee has to pay a lump sum payment and a share of his future

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profits also called as royalty payments. There are various types of franchisee some of them are as follows:

- ***Single Unit Franchisee* -** when an investor buys his/her first franchise from a franchisor he/she is called a single unit franchisee. This is the most common type of franchise seen in the market.
- ***Multi-Unit Franchisee*** - when an entrepreneur owns more than one franchise unit he/she is called a multi-unit franchisee. This usually happens when the franchisee finds success in the first unit he/she has invested in. In case on international brands like KFC entrepreneurs own more than one franchise unit.
- ***Multi-Unit Area Developers*** - Multi-unit area developers are almost like multi-unit franchisee but there is a slight difference in this case as here the franchisee comes with an agreement with the franchisor to develop a predetermined number of franchise locations and area within a specified period of time. This is most appropriate for entrepreneurs that are searching for market exclusivity and who has the necessary resources to secure that exclusivity with the franchisor.
- ***Master Franchisee* -** It is just like a multi-unit area developer with a slight difference. In this case the master franchisee has to not only open an agreed number of units in various locations in a specified time but also have the authority to sell franchises to other prospective investors. Sometimes the master franchisee is obligated to sell a certain number of franchises within a specified period of time. The master franchisee acts as a mediator or a channel between the franchisee and the franchisor. For example Tata is the master franchise of star bucks in India.

Objectives of the Study

- To understand franchising business model.
- To look into various investment opportunities in franchise business.
- To understand various pros and cons of franchise business from the perspective of the franchisee.

Research Methodology

- The study is descriptive in nature.
- The study uses only secondary data.
- The data were collected from articles published on various journals and websites.

Franchise Business Model

There are mainly two types of franchise business models

- *Product distribution franchisee*

This type of business model is usually followed when the franchisor is a manufacturer and the franchisee has to sell their products. It is just like a supplier - dealer business model with slight differences. One of such difference is that the franchisee may distribute the products exclusive or on a semi exclusive basis, but in case of supplier-dealer relationship the

supplier will allow the dealer to sell other brands too.

Examples of product distribution franchises are Coca-Cola, Amul, and Ford Motor etc.

- *Business format franchisee*

This is the most common franchise model. In this, the franchisee gets the brand and trade name of the franchisor, unlike in the case of product distribution model, and just like the product distribution model they also get the access the right to distribute the product. Examples of business format franchisee are Wendy's, Dunkin Donuts, or McDonald's.

Franchise Investment Opportunities in India

Franchise investment in India include opportunities in various sectors such as Automotive, Beauty and health, Business services, Dealers and Distributors, Education, Fashion, Food and Beverage, Home Based Business, Hotel, Travel and Tourism, Industrial Machinery and Manufacturing , Retail business, Sports and Fitness, Entertainment, etc. Each of these sectors provide various opportunities to entrepreneurs some of them requires experience and some of them don't. Companies that offer franchise opportunity sometime ask the entrepreneur whether he/she has sufficient experience in the related field, this is usually found among international companies for example KFC franchise requires previous experience in related field (food and beverage industry) or the entrepreneur should own a commercial property in a prime location, this policy is followed by the company because it has to protect its brand value, and if a KFC restaurant fails or closes down it will affect the company reputation, so in order to avoid that the company follows strict policies while giving out franchises. This is also followed by international brands such as Baskin robins.

- **How to Start a Franchise Business?**

After identifying the franchise investment opportunities the entrepreneur should think about how to invest, where to invest and when to invest. The entrepreneur should think of the amount of resources he has and to analyse various projects and should invest in a feasible one. There are various steps involved in starting a franchisee business, first the investor has to decide in which field he has to start the business, then he/she has to list out various companies that offer franchise opportunities in that field, the he/she has to contact each of these companies and ask about their terms and conditions regarding the business, these terms and conditions involve details about the initial investment, percentage of royalty, percentage of profit sharing, marketing and operational support etc. The entrepreneur should also check whether he/she has the relevant experience in the said field to start the business.

- **How to Contact Franchisors?**

There are many ways to contact a franchisor some of them are as follows:

1. *Online websites*: There are various websites that plays as a mediator between the franchisor and franchisee, these sites will provide basic information regarding the franchisor and the investment

ISSN : 2230-8431

opportunity to the potential franchisee, and these sites also provide contact information of franchisor and will also assist in selecting the best franchisee that is feasible to the entrepreneur. Some of them are

https://india.franchiseasia.com/,

https://www.franchisebazar.com,

http://www.franchisemart.in/

FRANCHISE INDIA
Empowering Change Since 1999

Source : https://www.linkedin.com/company/franchise-india-brands-limited

Source: https://www.franchisebazar.com

2. *Franchisor websites*: If the investor is already aware of a brand and its potential then he/she can directly contact them through their website.

3. *Business meets*: There are event management companies and government bodies that arrange business meets, these business meets enables potential investors and entrepreneurs to meet the franchisors. Business meets offers an advantage to the investor as he gets to meet the franchisor in person so that he/she can discuss their doubts regarding the business face to face.

4. *Whats app and face book groups*: Now-a-days there are various number of groups both closed and open in face book and whats app, that promote entrepreneurship, these groups often provides information regarding franchisee opportunity and contact details of the franchisor.

5. *Likedin:* Linkedin is a well-known social media for professionals, a Linkedin account of a person is used only for official purpose and executives of franchisors usually publish about the opportunity in linkedin and this is another way in which an investor can directly contact a franchisor.

Source: https://blog.yellowpageskenya.com

Pros and Cons of Franchise Business

Advantages

Various pros and cons of franchise business include the following advantages:

- *An Established Business*: One of the advantages of the franchise business is that the entrepreneur gets to operate under the banner of an established business. The business, brand, idea and its operating techniques are already tested in different places and found to be successful and it is ready to be implemented again in another new locations and it is the duty of the franchisee to make it successful in each of these new locations.

- *A Known Brand*: Franchise business model allows the franchisee to operate under the banner of the franchisor which acts as an advantage because it is an already established brand, which in turn means that there will be less work from the part of franchisee to establish and build the brand and which in turn reduce the cost of setting up the business. As the brand is well known and trusted by the customers it will lead to a steady flow of brand loyal customers. In franchise business model the entrepreneur gets to make use of the registered trademark of the franchisor.

- *Simpler Business Financing*: Another advantage of franchise business is that accusation of funds for the business is generally easy. This is because individual investors, banks and other financiers are more willing to invest in an established business model and a known brand rather than a new one. In few cases the franchisor will become the financier or they may help in finding one.

- *Business Relationships*: While conducting a business attaining contacts is a hard task but in case of franchisee business it is easy as all the essential business relationships are already established by franchisor. The relationship with the suppliers, distributors, advertisers, marketers, government, consultancy etc.. may have already been established by the franchisor which will be an added advantage to the franchisee.

- *Support and Security*: Support and security from the part of the franchisor is another advantage of franchise business. Training schemes, management of accounts, sales and advertising etc.. are some of the examples of support offered by the franchisor to franchisee. Franchise fee may or may not include the cost of these support and security offered by the franchisor.

- *Less Likely to Fail*: There is an old saying stating that 95 per cent of business will fall within first 5 years this is not actually true the franchisors who offer franchise opportunity will be already an established business and this in turn encourages new entrepreneurs to be part of the business and the security offered by the franchisor will give an impression that the business will be less likely to fail.

Disadvantages

- *Cost of Real Estate*: In India cost of real estate is really high due to this factor the franchisee will face extreme pressure on a monthly basis. It will cause an extension of break-even period and the franchisee will face more risk and financial crisis every month as this affect the cash flow of the business.

- *Staffing*: In India every business face with a problem of staffing as in the country there is a lack of skilled labour and the ones claiming to have skills are not trained properly. Business also faces with high employee turnover as the workers

 ISSN : 2230-8431

will abscond when they face the lightest hardship.

- *Local elements*: As corruption rate is very high in India the entrepreneur has to be careful while dealing with local political and administrative authorities. The corrupt officials and local politicians can cause serious damage to the business that may even lead to the closure of business.
- *Minimum Guarantee*: In India there is a concept of Minimum Guarantee (MG) to franchisees by franchisor. Executives of the franchisors will push a franchisee towards this scheme; usually this is because the executive will get benefits in this scenario. Minimum Guarantee must be recognised as - a pseudo capital raising exercise by the franchisor. It captures all the risk, but very little of the rewards. Best to stay away from any franchisor promising you a fixed return if you want to be a franchisee/entrepreneur.

Conclusion

After understanding and analysing the pros and cons of franchise business model the investor may or may not invest his/her resources in the business but in case if they are interested they need to be very careful in various steps involved in starting a franchise unit as this is one of the major field used in which several fraud activities are seen, some of the websites that fake and misleading and some of the websites take major amount of commission from franchisor to project various unknown brand and misleading the investor by making false claims.

Potential investors and new entrepreneurs usually think that starting a franchise will make them more money. With the support of an established name and brand they will think that they will get more customers and thus generating more profits, in fact this always may not come true as it is affected by lot of other factors including customer behaviour. More over the huge profits generated by the unit may not actually benefit the franchisee as he/she pays a huge cut in the profits to the franchisor, for example KFC takes 70 per cent of profits away from its franchisee and also due to the rules in the agreement signed by the franchisee to franchisor it may not be easy to invest profits in a tax-efficient way. It is usually found that from an investor perspective a franchisee might benefit from high profits in the beginning but as time passes in a long term they will often realise that starting their own business would have been much more profitable.

We can conclude by stating that franchise even though is a good option of making money to an investor or an entrepreneur he/she should be very careful while trying to invest in one and various studies in this field suggest that franchise as an investment should be considered only as an option when the franchisor is a well-known brand (usually international brand) and the entrepreneur should have sufficient experience in that field.

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SOLID WASTE MANAGEMENT

Dr. K. Sasikumar & Dr. Sanoop Gopi Krishna

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Published in 2014 * Pages 294 * Price Rs. 275/- * Paperback

IMPACT OF GST ON INDIAN IMPORTS AND EXPORTS

***Gargi B, **UtharaViswanadhan**

Abstract

Among developing countries, India's growth experience during the past five decades has been unique. Being a typical developing country, India's export and import trade was in a prosperous state. Trade growth has picked up post liberalization of 1991. The composition of trade is now dominated by manufactured goods and services. India services exports share in global exports is more than double of that of Indian manufacturing exports. In 2018, India was the world's tenth-largest importer, the nineteenth-largest exporter and the 17th largest export economy in the world. Implementation of Goods and Service Tax (GST) was a short-term pain but long-term gain for the Indian economy. The present paper is an attempt to evaluate the impact of GST on India's Foreign Trade. The paper will specifically examine its role in exports of goods and services, net foreign earnings and ease of doing business.

Key words:- Goods and Service Tax, Foreign Exchange, Ease of doing Business, Indian Economy.

Tax policies play a significant role on the economy through their impact on both competence and fairness. For a developing economy like India it is required to become more competitive and resourceful in its resource usage. Apart from various other policy instruments, India must practice taxation policies that would maximize its economic competence and reduce distortions and hindrance to efficient distribution of resources, specialization, capital formation and international trade. Implementation of Goods and Service Tax (GST) was a short-term pain but long-term gain for the Indian economy. Once fully implemented and linked with direct taxes

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GST would benefit the economy, help bring in transparency, make small businesses strong, create more employment and ultimately reduce tax burden for the common man.

The passage of the Constitution (122nd amendment) Bill, 2014, on August 2016 allows for the launch of the Goods and Services Tax (GST), a unified and pan-national tax structure. The Foreign Trade Policy (FTP) for 2015-20 says: "The simplification and harmonization of the indirect tax regime of the country will reduce the cost of production and lead to a seamless, integrated Indian market, thereby making Indian trade and industry more competitive.

Objectives of the study

1. To study how GST made its impact on import.
2. To study how GST made its impact on export.

Methodology of the study

This study is intended to identify the impact of GST on Indian exports and imports. The study is based on secondary data including journals, newspapers, magazines, and articles. Descriptive type of research is used for better analysis.

Impact of GST on Imports

Under the GST regime, both the import of goods and or services into the territory of India would be treated as supply of goods or services in the course of inter-state trade attracting the levy of IGST. So import of goods or services will be treated as deemed inter-state supplies and would be subject to GST. In the pre-GST regime, the imports of goods and services were subject to multiple state and federal levies such as customs duty, countervailing duty (equivalent to excise duty), and special additional duty (equivalent to value added tax). The formalities for import and export have changed with the implementation of GST. Under GST, certain types of duties and taxes like Basic Customs duty, Education Cess, Anti-dumping duty, Safeguard duty and the like would continue. On the other hand, Countervailing Duty (CVD) and Special Additional Duty of Customs (SAD) would be replaced by Integrated Goods and Services Tax (IGST).

Duties levied on imports under GST

After implementation of GST the duties and taxed levied on imports into India have changed significantly. Before implementation of GST, the following types of duties and taxes are levied on imports into India.

- Basic Customs Duty
- Countervailing Duty (CVD)
- Special Additional Duty of Customs (SAD)
- Education Cess
- Anti-dumping duty
- Safeguard duty

But the following duties and taxes would be applicable for a majority of the products even after implementation of GST.

- Basic Customs Duty
- Central Excise Duty

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- Integrated Goods and Services Tax (IGST)
- Education Cess
- Anti-dumping duty Safeguard duty

As per the new GST scheme, the duty drawback will be provided for the customs duty paid on the goods that have been imported. The purpose for these imports must be manufacturing. Similarly, duty drawback will also be provided on the central excise duty. These can be paid for certain imported tobacco and petroleum products that have been imported as fuel for captive power generation.

Impact of GST on Exports

The GST will result in eventual elimination of barriers between the various states and hence make exports more competitive in the market due to integration of value chains. As under the current system, exports would be relieved of the burden of GST due to zero rating i.e. an exporter will be allowed to export the goods/ services without charging any tax and can benefit from IGST credits paid on imported goods .The exporter can also claim a refund of the tax paid on inputs used to purchase/ manufacture goods from the exported commodities.

Zero Rated Supplies: An exporter who deals in zero-rated goods under GST will be able to claim a refund for zero-rated supplies. This will have two options;

- In case of the supply of goods or services that are prescribed under bond or Letter of Undertaking for the safeguard of the payment of integrated tax, refund of the unutilized input tax credit will be made. In this case, the exporter can file a refund application on the GST portal or through the GST facilitation centre.
- If the exporter is an agency of the United Nation or any embassy as specified in section 55 safeguards of GST may be prescribed. In that case, a refund can be claimed as specified under section 54 of the CGST Act. In this case, the shipping bill needs to be provided in order to claim the refund of the IGST paid.

The following documents are needed to claim a refund for exports under GST;

a) The copy of the payment of duty
b) The Copy of the invoice
c) The document to show that the tax burden has not been passed on
d) Other documents as prescribed by the government

However, as per new changes in GST, the supply of a few goods and services will be treated equivalently to exports. These are;

a) The supply of goods and services by any registered person against Advance Authorisation.
b) The supply made to an Export oriented undertaking (EOU) such as Hardware Technology Park unit, Software Technology Park unit, Biotechnology Park unit.
c) The supply of capital goods by any registered person against the Export Promotion Capital Goods Authorisation.

d) The supply of gold by a bank or Public Sector Undertaking against Advance Authorisation as per Customs law.

- **Business made easy:** since companies does not need to file tax returns with multiple departments, but there will be just one web-based form to file tax returns. The country will finally become one common market, with uniform pricing across states and optimal allocation of resources, making our goods more competitive.
- **Exports to climb:** with uniform taxation and cost efficiencies owing to reduce time and costs in transportation, one obvious effect would be that 'Made in India' products would now be more cost competitive in the global markets.
- **Reverse charge mechanism:** Under reverse charge mechanism, when an unregistered person supplies goods or services to a registered person, the registered person should pay the GST on such supply. The Committee stated that this mechanism discourages exporters from making purchases from unregistered vendors such as small enterprises. It further stated that this mechanism increases operational and compliance issues for exporters as they need to first pay reverse charge and then claim a refund. It recommended that the reverse charge mechanism be removed.

Conclusion

Goods and Service Tax, with end-to-end IT enabled tax mechanism, is likely to bring good amount of revenue to government. It is expected that the nasty activity of tax theft will be drastically reduce under GST regime in order to benefit both governments and the consumers. In reality, that extra revenue that the government is expecting to generate would come from the reduction of tax theft instead from the consumer's pocket. Though the structure of GST might not be a perfect one but once it is placed, this tax structure will make India a better economy advantageous for foreign investments. GST avoid with multiple tax rates by central and states.

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 ISSN : 2230-8431

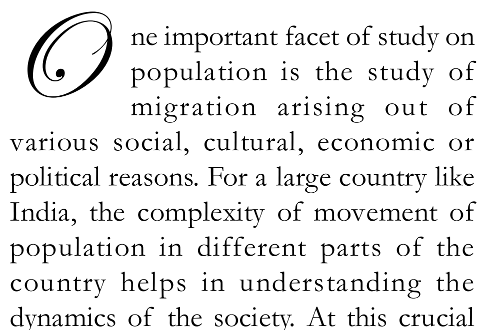
MIGRATION AND DEVELOPMENT: A THEORETICAL PERSPECTIVE

***Jaiji J S**

Abstract

The relationship between migration and development is a key area in research and policymaking. The contributions of international migrants to their home countries in the form of remittances, investments, and philanthropic donations are widely regarded as an important development resource. The debate on migration and development has swung back and forth like a pendulum, from developmentalist optimism in the 1950s and 1960s. This paper argues how such discursive shifts in the migration and development debate should be primarily seen as part of more general paradigm shifts in social and development theory. The specific debate on migration and development has evolved rather separately from general migration theory. We therefore need to put the specific debate on migration and development in a broader perspective of social and migration theory.

Key words:- Migrants, Host country, International migration, Remittances



One important facet of study on population is the study of migration arising out of various social, cultural, economic or political reasons. For a large country like India, the complexity of movement of population in different parts of the country helps in understanding the dynamics of the society. At this crucial juncture in economic development in our country, study on migration assumes special importance.The debate on migration and development has swung back and forth like a pendulum, from developmentalist optimism in the 1950s and 1960s, to neo-Marxist pessimism over the 1970s and 1980s, towards more optimistic views in the 1990s and 2000s.

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Migration and development debate should be primarily seen as part of more general paradigm shifts in social and development theory.

In the past few years there has been a remarkable renaissance in optimism and the overall interest in the issue of migration and development by policy makers and scholars. After decades of pessimism and concerns on brain drain, governments of migrant sending countries have put renewed hopes on transnationally oriented migrants and "Diasporas" as potential investors and actors of development. Surging remittances, in particular, are often believed to be a more effective instrument for income redistribution, poverty reduction and economic growth than large, bureaucratic development programs or development aid (Jones, 1998; Kapur, 2003; Ratha, 2003).

Migration Concept

Everett Lee (1968) defines migration -broadly as a permanent or semi-permanent change of residence. No restriction is placed upon the distance of the move or upon the voluntary and involuntary nature of the act and no distinction is made between external and internal migration.

According to Weinberg, (1975) human migration is the changing of the place abode permanently or, when temporarily, for an appreciable duration as e.g., in the case of seasonal workers. It is used symbolically in the transition from one surrounding to another in the course of human life.

Migration is an important feature of human civilization and it's a global phenomenon in modern times. Due to globalization and expansion of transportation and communication, it has become a part of the process of industrialization and urbanization. In several countries, it has been observed that industrialization and economic development has been accompanied by large scale movements of people from rural to urban area and one district to another district, one state to another state in the hope of better opportunities, high standard of living, jobs etc. According to classical theories, migration is a rational decision made by an individual or group of persons to move from one undeveloped place to a developed place to gain new opportunities.

Migration and Development

In the present world scenario, the dialogue on 'migration and development' has gained acceleration due to increased interest of researchers and policy makers on capitalization of the positive impacts of migration, so much so that it has attracted the attention of World Bank (WB), International Monetary Fund (IMF), United Nations (UN), Department for International Development (DFID) and International Fund for Agricultural Development (IFAD). Migration and development have been interpreted to having been influencing one another in the sense that development in a particular area initiates migration to that area from other less developed areas Skeldon (2008). Again, migration to any particular area does have certain consequences including development implications for the origin areas from where the migration takes place. Sriskandarajah (2005) and Skeldon (2008) identify three key areas that connect

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migration with development including impacts of migration involving issues related to skilled worker migration and brain drain, impact of financial flows related to migration which is migrant worker's remittances and the role of Diaspora communities.

Owing to the huge increase of remittance flows to developing countries in the past few decades, literature on the relationship between migration and development appears to have been dominated by the role of not only individual but also collective remittances on the development of mainly the home countries of the migrants. Several policy research papers such as Martin (2004), Sriskandarajah (2005) and Farrant and Sriskandarajah (2006), aim at mainly economic development of the home countries through effective channelization of remittances.

Review of Literature

- Zachariah and Rajan (2015) explores the linkages between migration and development, utilizing the large scale sample surveys of migration which chants the emerging themes within the field such as emigration, return emigration and worker remittances, to understand the methodology and practice of researching migration. It goes beyond data and mathematical functions.
- Valsa and liji (2014) discussed about the Pattern of migration to Kerala to ascertain the demographic profile of migrant workers in selected sectors and also to examine the nature and working conditions of migrant workers and the study concluded that vocational training requirements could be arranged in the migrated areas to get trained in various types of activities.
- Bodvarsson & Hendrick (2013) discusses the variety cases of immigration and list out various push, pull, and stay and stay away influences of migration and outlines a brief history of immigration. The study covers the economic theories of Cross Border Migration which includes modern models of immigration includes important school and political determinants of immigration.
- Zachariah and Rajan (2012) states that Kerala s Gulf connection is edging towards a turning point. Emigration from Kerala in 2011 is more or less at the same level as it was in 2008, indicating that 2011 is not far from the inflexion point in the history of emigration from Kerala. All these trends point towards the emergence of an era of decreasing trend in emigration from Kerala. Kerala s Gulf connection could reach its inflexion point in a matter of 4-5 years support. Their conclusion is that emigration from Kerala seems to be approaching an inflexion point in history.
- Foulkes and Schafft (2010) studied the effect of redistribution of poverty across places on spatial concentration of economic disadvantages by examining domestic migration of poor and

non-poor between 1995 and 2000 in United States. The trends of migration of poor and non-poor were found to be fairly stable between periods of relative economic growth and decline. It was also observed that regional and national economic condition effect poverty and that migration maintains spatial pattern of poverty distribution.

Objectives of the Study

1. To understand the current migration pattern and employment characteristics among migrants in Indian scenario.
2. To understand the socio-economic impact of migration in India.

Methodology

The present study is descriptive and conceptual in nature. Secondary sources of data have been used for the study and they have been collected from various books, articles, reports, online newspapers and websites.

Indian Scenario

Since the 1970s, the Indian government has formulated a range of policies and programs to encourage Non-Resident Indians (NRIs) to invest in India. After 2002, when the High Level Committee on the Indian Diaspora released its report (Government of India 2002), India's engagement with Over-seas Indians (OIs) broadened. OIs came to be viewed as an important source not only of foreign exchange and investment capital but also of knowledge, expertise and skills. While many Indian diasporic communities across the world have maintained connections with their home regions for a long time (such as by sending remittances to their families at home or donations to local temples or schools), the creation of institutional, legal and financial frame works to facilitate their involvement with India has both stimulated and reshaped these connections. In addition to national level policymaking, several state governments (such as Gujarat, Andhra Pradesh, and Punjab) and even district bodies have forged direct relationships with their own regional or state diasporas by setting up NRI cells to channel donations and investments, organizing local "Pravasi Bharatiya Divas" (Non-Resident Indian Day) events and the like.

Based on Census as well as NSSO data, barely 17 percent of the male population in India is classified as migrants as per 2001 census. The NSSO data revealed even a lower mobility among male in the year 1999-2000. In other words, more than eight-tenth of male population in the country is still immobile. Population mobility in the country is marked with significant variation across states. It may be recalled that lifetime migrants constitute a sizeable proportion in the high income states, which include Maharashtra, Gujarat and Punjab etc. The low income states, on the other hand, have been characteristically out-migrating states. This is manifest in net- migration at state level.

As per Kerala Migration Survey 2018, the number of NRKs is estimated to be 34.17 lakh in 2018 which has decreased from 36.5 lakh in 2014. The number of

 ISSN : 2230-8431

emigrants for the same period declined to 21.2 lakh from 24 lakh. The number of return emigrants (REM) according to the same survey was 12.94 lakh in 2018, up from 11.5 lakh in 2008. It is observed that many workers who returned did not get the opportunity to utilise their newly acquired skill and work experience. This situation adversely affects their employability. A mechanism for assessing the skill of the return migrants will make it easier to reintegrate them into the labour market or to become self-employed. Country-wise destination of emigrants from Kerala shows that 39.1 per cent are in the United Arab Emirates (UAE) and 23 per cent are in Saudi Arabia. The countries in the Gulf region account for 89.2 per cent of Kerala's emigrant population.

Plan Schemes, Services and Project offered by NORKA ROOTS for Rehabilitation of Return Migrants

The aim of the scheme is to reintegrate and rehabilitate return migrants by helping them to find suitable employment or self-employment. The Government has formulated Non-Resident Keralite Affairs (NORKA) Department Project for Return Emigrants (NDPREM) to develop sustainable business models. The project envisages providing a capital subsidy of 15 per cent of the total project cost as a backend subsidy and 3 per cent interest subvention to eligible entrepreneurs among return emigrants who wish to start their own ventures in the field of agribusiness, training, services and manufacturing.

Migrant Labour in Kerala

India's southernmost state, are a significant economic force in the state; there were around 2.5 million internal migrants in Kerala according to a 2013 study by the Gulati Institute of Finance and Taxation. Every year, the migrant worker population in Kerala increases by 2.35 lakh (235,000) people. The study, based on long distance trains terminating in Kerala, does not cover migrants from the neighbouring states who use other modes of transport. Assuming that the estimation is rigorous and extrapolating it, taking into account the net annual addition, possible growth in migration rate, as well as accounting for the migration from the neighboring states, Kerala is likely to have 3.5 to 4 million inter-state migrant workers in 2017. While the out migration of labour from the State has a number of positive effects on the socio-economic arena and labour market of Kerala economy.

The large scale out-migration of labour has created severe scarcity of semi-skilled and un-skilled workers in almost all spheres of the State. At the same time, the real estate and construction sector boom in Kerala has led to huge demand for certain categories of workers such as carpenters, welders, plumbers, drivers, electrician, motor mechanics and other craftsman. This has led to an inevitable rise in the wage rate in the State, which turned Kerala into a lucrative job market for workers hailing from various parts of India, mostly from Assam, West Bengal, Bihar, Orissa, Jharkhand, Chhattisgarh, Andhra Pradesh and Tamil Nadu, and from nearby countries like Nepal and Bangladesh. Despite their importance and despite many of them praising the state for its welfare schemes and environment, they are often ignored in comparison and

suffer from comparatively poor living condition.

The most prominent positive impacts of labour outmigration on Kerala economy are contribution to State income; increasing consumption, savings and investment; enhancing the quality of life and contribution to a high human development; reducing poverty and relative deprivation, etc. The major impact on the labour market is the reduction of unemployment through migration of unemployed youths and non-agricultural labourer. As per the Census 2001, total number of migrants (by place of birth) from other States in Kerala recorded at 4.13 lakh, which was 1.3 per cent of Kerala's total population. The National Sample Survey (NSS) data on Migration in India, which defines migration on the basis of last place of residence and thus differs from Census data, shows that total number of migrants in Kerala numbered 10.05 lakh in 1999-2000 and 10.69 lakh in 2007-08 (NSSO, 2010). These migrant workers, which include unskilled and semi-skilled workers like carpenters, masons, mechanics, electricians and barbers, etc., are mostly employed in the informal sectors such as construction, hotels and restaurants, business, small manufacturing units, and more recently in the farm sector too. As such, the migrant workers have become the backbone of Kerala's growing economy and without them the wheel of the State economy would not move.

The migration of labourer has a far-reaching impact " both direct and indirect " on the migrant's household as well as at both origin and destination economy. Remittances send by the migrants have direct effect on livelihoods of the migrant's family by significantly improving their consumption pattern, increasing savings and investment, improving standard of living, reducing poverty and providing a social security mechanism for poor households, etc.; together with reduced unemployment rate in the native economy.

Remittances

A remittance is a transfer of money, often by a foreign worker to an individual in their home country. Money sent home by migrants competes with international aid as one of the largest financial inflows to developing countries. Workers' remittances are a significant part of international capital flows, especially with regard to labor-exporting countries. Remittances link migration and development of backward region from where migration does take place. Migration can have a direct effect on peoples' livelihoods, to the extent that migrants send money to their families to sustain livelihoods and social relations. It is by the remittances that migration acts as a social security mechanism for the poor households left back. The most prominent positive impacts of labour outmigration on Kerala economy are contribution to State income; increasing consumption, savings and investment; enhancing the quality of life and contribution to a high human development; reducing poverty and relative deprivation, etc. The major

 ISSN : 2230-8431

impact on the labour market is the reduction of unemployment through migration of unemployed youths and non-agricultural labourer.

Conclusion

Contemporary research on 'migration and development' considers migrant worker's remittances to be the most substantial link between the two and has been in the agenda for policy making in both sending and receiving countries for a considerable time in recent years. Manifold increase in the volume of remittances to developing countries and having characteristics that lead to development in the form of economic and social betterment, poverty reduction, increase in trade, reduction of credit constraints and counter cyclicality during economic downturns at macro, micro as well as meso levels, remittances has attracted interests of researchers and policymakers globally.

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FDI AND OTHER CROSSBORDER CAPITALFLOWS

*Meera Gopikrishna

Abstract

Global Foreign Direct Investment flows continued to decline in financial years 2016-17, 2017-18 and 2018-19.That decline can be attributed to the economic slowdown across the world. This fall is in spite of the fact that there has been an 18 per cent increase in cross border mergers and acquisitions in financial year 2017-2018. The decline in FDI flows were very critical in developed economies compared to developing economies which remained almost stable. The values of net cross border rose by 18 per cent in financial year 2017 - 18 but recorded a fall in the number of deals. Like fall in global FDI flows, there was a decline in other cross border capital flows too. Foreign Direct Investment is a necessity for developing economies like India where capital is in short supply. This paper is an attempt to study the impact of FDI inflows and outflows on the economy of our country. Our study is based on various reports released by World Bank, Government of India, RBI etc.

Key words:- Foreign Direct Investment, FPI, Portfolio Investment, Vertical Investment, Horizontal Investment.

Foreign Direct Investment represents an investment in a foreign country by an investor who retains control over the investment. Foreign Direct Investment can be in any of the following three models (a) Acquiring a stake in an existing firm (b) Entering into a joint venture with an existing firm in the foreign country (c) By establishing a subsidiary in the foreign country. Foreign Direct Investment is an investment made by a firm or an individual who is a citizen of one country into business interests located in a country elsewhere in the world.

Foreign Direct Investment can be achieved through any of the following three options:

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a. Acquiring a stake in an already existing firm.

b. Entering into a joint venture arrangement with an already existing firm in a foreign country or

c. By establishing a subsidiary company in a foreign country.

Foreign Direct Investment predominantly aims at either:

1. Expansion of sales
2. Acquisition of resources at a reduced price or which is scarce.
3. Minimization of the risk of competition.

Foreign Direct Investments are totally different from portfolio investments which are simply purchase of equities in a foreign based company. Foreign Direct Investment are preferred to be made in open economies where skilled workforce is easily available and growth prospects are better than tightly controlled or regulated economies.

In today's global economic environment foreign direct investments on a large scale is considered to be a basic requirement for growth and development. All growing economies require foreign investment to attain fast and sustainable development. In India, foreign direct investment policy is regulated by the Foreign Exchange Management Act, 2000 governed by the Reserve Bank of India. As per the Act foreign direct investment in India can be either through the Automatic Route which does not require prior approval from the RBI or can be under the Government Route which requires prior approval from the concerned ministries or departments via a single window.

An application for FDI is forwarded to the respective ministry which will approve or reject the application in consultation with the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce. DPIIT will issue the standard operating procedure for processing of applications under the existing FDI policy.

Types of Foreign Direct Investment

Foreign Direct Investments are generally categorized into three:

1. Horizontal investment
2. Vertical investment or
3. Conglomerate

A horizontal direct investment means and represents an investment wherein the investor establishes the same type of business operation in a foreign country exactly similar to that he operates in his home country. In a vertical direct investment, the investors invest his money in a different line but closely related to business activities in his home country. A conglomerate form of foreign direct investment is one where a company or individual making an investment in a business that is totally unrelated to his / its business in the home country.

Objectives of the study

1. To assess the impact of foreign direct investment, FPI and FIIs etc. on economic growth.
2. To evaluate the merits and demerits of FDI, FPI and FIIs.

3. To study recent changes in FDI policy followed by India.
4. To assess recent trends in FDI flows into our country.

Methodology of the study

Data have been obtained from secondary sources for the preparation of this presentation. Various reports released by Government of India, the Reserve Bank of India, the Finance Ministry and press releases issued from time to time have been widely used for the preparation of this paper.

Policies and Regulations in relation to FDI in India

India has been following one of the most liberal and transparent policies on FDI among the emerging economies in the world.

Foreign Investment in India is possible through the following avenues:

a. As FDI
b. By FIIs, directly via the portfolio investment scheme.
c. By NRIs / persons of Indian origin directly and indirectly through PIS.
d. By qualified foreign investors via the PIS and
e. By foreign venture capital investors.

FDI up to 100 per cent is allowed under the Automatic Route in all sectors except the following for which prior approval of the government is essential.

Sectors Prohibited for FDI

a. Activities requiring an industrial license.
b. Proposals in which the foreign collaborator has an existing financial or technical collaboration in India in the same field.
c. Proposal for the acquisition of shares in an existing Indian Company in financial services sector and where SEBI regulations 1997 are applicable.
d. All proposals falling outside notified sectoral policy / CAPS under sectors in which FDI is not permitted.

Most of the sectors fall under the automatic route for FDI. In these sectors investments could be made without the approval of the central government. Those sectors that are not in the automatic route will require the prior approval of the central government for investment purpose. Foreign Direct Investment under the automatic route does not require much procedure to be followed. The investors are only required to notify the regional office of the Reserve Bank of India within 30 days of receipt of inward remittances and file the required documents with that office within 30 days of issue of shares to foreign investors.

Procedure under Government Approval

FDI in activities not covered under the automatic route will require government's prior approval. Application for all FDI cases except Non Resident Indian Investments and 100 per cent Export oriented units should be submitted to Department of Economic Affairs, Ministry of Finance. Application for NRIs and 100 per cent Export oriented units should be presented to SIA in

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Department of Industrial policy and promotion.

Prohibited Sectors

FDI is not allowed in the following sectors.

1. Gambling and betting
2. Lottery business
3. Atomic energy
4. Retail trading (allowed with restrictions)
5. Agricultural or plantation activities subject to prescribed regulations.

Advantages of FDI (Foreign Direct Investment)

Advantages of FDI to home country

1. FDI helps to increase employment opportunities and thereby leads to economic growth of the home country.
2. FDI increases export of tools and equipments, machinery etc. from home country to the host country.
3. It facilitates inflow of foreign currencies by way of dividend, interest etc.

Advantages of FDI to host country

1. FDI helps to increase foreign exchange earnings of host country.
2. FDI increases employment opportunities in the host country through the establishment of new business enterprises and industries.
3. FDI improves the balance of payment position of the host country by reducing imports.
4. Inflow of huge amount of resources into the host country is possible through FDI.

***Disadvantages* of FDI to Home Country**

1. FDI leads to reduction of domestic investment in the home country. It finally results in retrenchment in the home country.
2. There will be a considerable reduction in the export of goods due to FDI. It will negatively affect balance of payment position of home country.

Disadvantages of FDI to Host Country

1. Increase in Competition.

Huge resource base, large size and wider operations etc. gave MNCs more competitive advantage than that of domestic companies. Hence FDI may cause threat to the domestic companies in the host country.

2. Negative Balance of Payment

Foreign companies affect balance of payment of host country in two ways as follows :

1. The remittance of returns by the foreign companies in the form of dividend, interest etc. to their home country may negatively affect balance of payment position of host country.
2. The import of goods, equipments etc. by MNCs of host country from its subsidiaries may result in negative balance of payment of the host country.

3. Threat to Autonomy

In certain cases FDI may pose threat to the autonomy of the country and negatively affect the power of the government.

FDI in India

Foreign Direct Investment was introduced in India in 1991 under Foreign Exchange Management Act (FEMA) driven by then finance minister Manmohan Singh. Starting from a baseline of less than one million dollar in 1991 a 2012 UNCTAD survey projected India as second most important FDI destination after China. As per the data the sectors that attracted higher inflows were services, telecommunication, construction activities and computer software and hardware. Mauritius, USA, Netherland, UK, Japan and Germany were among the leading sources of FDI.

FDI in India increased by about 35 per cent to 13.6 billion dollar during the first half of 2013 by mergers and acquisitions according to UNCTAD.

Barriers of FDI in India.

1. Lack of infrastructure.
2. Political reasons.
3. Restrictions on foreign investment.
4. Lack of transparency.
5. Economic instability.

The Reasons for Low Rate of FDI Growth in India:

1. Lack of infrastructure

Infrastructural facility is a necessity for improving industrial activities and productivity. Poor infrastructure is one of the reasons for low rate of FDI growth in India.

2. Political Reasons

Different policies formulated by different governments in India and political instability also resulted in low rate of FDI growth in India.

3. Restrictions on foreign investment

Restrictions and limits made by government on foreign investment also resulted in low rate of FDI growth in India.

4. Lack of transparency

Increased rate of corruption, lack of an efficient regulatory framework for FDI etc. also can be considered as a reason for low rate of FDI growth in India.

5. Economic instability

Unfavourable business cycles and economic conditions also reduces the rate of FDI growth in India.

Factors influencing FDI Growth in India

1. Ideal location
2. Availability of professionals and skilled manpower.
3. Availability of technical experts.
4. Rich base of minerals and resources.
5. Strong and efficient financial system.
6. Efficient and effective legal system.
7. Well - developed Research and Development facilities.
8. Vibrant capital market with large number of listed companies.

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9. Stable Parliamentary democratic system.
10. Rapidly growing consumer market.
11. Well balanced package of fiscal incentives.
12. Free repatriation of capital, technical fee, royalty and dividend.

FPI (Foreign Portfolio Investment)

FPI is investment in securities in a foreign country's company that is intended for financial gain only and does not create a lasting interest in or effective management control over an enterprise. It involves the acquisition of financial assets such as stocks, bonds, currencies, deposits etc. from one county to another country. In portfolio investment investor is interested only in returns and the investor has no control over the use of capital he has invested.

FIIs (Foreign Institutional Investors)

FIIs are organizations which pool large sum of money and invest those sums in securities, real estate property and investment assets of another country's company. They are investors or investment funds ie. firm registered in a country outside the one in which it has currently invested. It includes Hedge funds, Insurance companies, pension funds mutual funds etc. They are specialized investors who invest on behalf of others. The biggest source through which FIIs invest is the issuance of participatory note.

Major types of FIIs are:-

1. *Mutual funds*
2. *Hedge funds*
3. *Pension funds*
4. *Endowment funds*
5. *Unit trust and unit investment trusts*
6. *Insurance companies etc.*

Foreign Direct Investments in India were on the increase year after year as shown by the Table above. Inspite of the economic slowdown across the world,

Table 1

Difference between FDI and FPI

No.	Basis	FDI	FPI
1	Source	It is undertaken by multinational companies.	It comes from various sources such as mutual funds, pension funds etc.
2	Period of investment	Long- term investment.	Short - term investment.
3	Mode of investment	It involves investment in physical assets.	It involves investment in financial assets.
4	Role of investors	Active	Passive.
5	Ease of entry and exit	Difficult	Comparatively easy.

Table 2

Foreign Direct Investment Flows to India: Country-wise and Industry-wise

(US$ million)

Source/ Industry	2013-14	2014-15	2015-16	2016-17	2017-18 P
1	2	3	4	5	6
Total FDI	16,054	24,748	36,068	36,317	37,366
Country-Wise Inflows					
Mauritius	3,695	5,878	7,452	13,383	13,415
Singapore	4,415	5,137	12,479	6,529	9,273
Netherlands	1,157	2,154	2,330	3,234	2,677
USA	617	1,981	4,124	2,138	1,973
Japan	1,795	2,019	1,818	4,237	1,313
Cayman Islands	25	72	440	49	1,140
Germany	650	942	927	845	1,095
Hong Kong	85	325	344	134	1,044
United Kingdom	111	1,891	842	1,301	716
Switzerland	356	292	195	502	506
UAE	239	327	961	645	408
France	229	347	392	487	403
China	121	505	461	198	350
Italy	185	167	279	364	308
South Korea	189	138	241	466	293
Cyprus	546	737	488	282	290
Canada	11	153	52	32	274
Others	1,626	1,682	2,243	1,490	1,889
Sector-wise Inflows					
Communication Services	1,256	1,075	2,638	5,876	8,809
Manufacturing	6,381	9,613	8,439	11,972	7,066
Retail & Wholesale Trade	1,139	2,551	3,998	2,771	4,478
Financial Services	1,026	3,075	3,547	3,732	4,070
Computer Services	934	2,154	4,319	1,937	3,173
Business services	521	680	3,031	2,684	3,005
Electricity and other energy Generation, Distribution & Transmission	1,284	1,284	1,364	1,722	1,870
Construction	1,276	1,640	4,141	1,564	1,281
Transport	311	482	1,363	891	1,267
Miscellaneous Services	941	586	1,022	1,816	835
Restaurants and Hotels	361	686	889	430	452
Real Estate Activities	201	202	112	105	405
Education, Research & Development	107	131	394	205	347

P: Provisional.

Note: Includes FDI through SIA/FIPB and RBI routes only.

Source: RBI.

 ISSN : 2230-8431

India has been a favourite destination for foreign investors as is evident from the above table.

Foreign portfolio Investment

Foreign Portfolio Investment is defined as cross border transactions and positions involving debt or equity securities other than those included in direct investment or reserve assets. As portfolio flows are perceived to be sensitive to global financial conditions and shocks to the domestic economy, they are considered to be more volatile than other forms of capital flows. Net foreign Portfolio Investment Flows to India (FPI) which were very attractive in 2017-2018 reversed in the first half of 2018-2019. The outflow occurred despite easing of FPI norms during the period.

India has been ranked 11th in the Global FDI confidence Index 2018 making it the second highest ranked emerging market for FDI. FDI equity inflows to India reached USD 33.49 billion during 2018-19 whereas the cumulative FDI Equity Inflows to the country from April 2000 to December 2018 reached USD 409.15 billion.

Recent modifications in FDI limits

On 7th December, 2012 Government of India allowed 51 per cent FDI in multiband retail in India. Walmart, Tesco and Carrefour were allowed to enter retail trade with the condition that 30 per cent procurement will be from within India. Cabinet meeting held on August 18th 2019 approved in principle the following modifications.

1. FDI up to 26 per cent is permitted in print media and 49 per cent in electronic media.
2. 100 per cent FDI for sale of coal, mining including associated processing.
3. 100 per cent FDI in insurance sector and
4. 100 per cent FDI in contract manufacturing.

FDI inflows in 2018-19 grew by 6 per cent to USD 64.37 billion.

Conclusion

From what has been discussed above, it is clear that the Indian economy continues to be one of the favourite destinations for foreign investors. For the global economy the year 2018 has been a difficult one, the global output growth falling from 3.8 per cent in 2017-18 to 3.6 per cent in 2018-19. It is projected to fall further to 3.3 per cent in 2019-20. But the Indian economy recorded a growth of 6.8 per cent slightly lower than 7.2 per cent in 2017-18. We can see that India continues to be one of the fastest growing economies in the world. India was able to contain inflation within 4 per cent. Net FDI inflows grew by 14.2 per cent in 2018-19 and capital expenditure of the central government grew by 15.1 per cent. The Indian economy is projected to grow at 7 per cent in 2019-20. All these factors indicate that India is on a strong economic footing.

If India continues on its present growth course, it could have a USD 5.6 billion economy in 20 years. To create a USD 10 billion economy, India needs to accelerate its growth to 9 per cent over the next 20 years which is within a reachable limit. Indian economy is projected to be the fastest growing

economy by contributing about 15 per cent to global growth. By all means it is expected that the Indian economy would grow to USD 10 billion by 2030. India has a vast market of more than a billion consumers. 65 per cent of India's population is in the age group of 18-35 years. We are expected to have world's largest workforce by 2027. Considering all these facts we may conclude that India may turn out to be one among the three economic super powers in the world.

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New Century Publication
Bharat Ram Road, Ansari Marg, Daryaganj, New Delhi 110002

Published in 2013 Pages 210 Priced Rs. 695 Hardbound

INDIA AND MODES OF ENTRY INTO INTERNATIONAL TRADE

***Anjana S Babu, **Pavitha K Prasad**

Abstract

International trade refers to the exchange of products and services from one country to another. International trade allows countries to expand their markets for both goods and services that otherwise may not have been available domestically. A foreign market entry mode is an institutional arrangement that makes possible the entry of a company's products, technology, human skills, management or other resources into a foreign country. The model of franchise management began in the 1990s in India, with the start of the era of liberalisation. This system was initially adopted by a few educational institutions and IT companies for business expansion and was slow to grow at first. But today, the franchise industry in the country has several well-known brands in various cities operating under this model. In this paper an attempt is made to understand India's status with reference to different modes of entry.

Key words:- International Trade, Foreign Market, Franchising, Licensing, Joint Venture

A foreign market entry mode is an institutional arrangement that makes possible the entry of a company's products, technology, human skills, management or other resources into a foreign country. It is the channel which your organization employs to gain entry to a new international market. When businesses grow successfully within their domestic markets, they attempt to expand their businesses to international markets, in an attempt to replicate its success in overseas markets. The choice of entry mode represents a key strategic decision for firms seeking expansion into international markets.

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Objectives of the study

- To familiarise the modes of entry into international trade.
- To understand India's status with reference to different modes of entry.

Methodology

This study is intended to understand India's status with reference to different modes of entry. Secondary data were used for the study. Secondary data was collected from articles, journals and books. Descriptive type of research was used for better understanding.

Modes of Entry

I. Exporting and Importing

The sale of goods and services from one country to a foreign country is called exporting whereas the purchase of goods and services by a country from a foreign country is called importing. A country can directly or indirectly export or import its goods and services. These are the most common and the easiest modes of entry into foreign markets. It requires less investment in terms of time and money compared to other modes of entry.

According to data released by the commerce and industry ministry, exports stood at $32.55 billion in March, taking the total tally in 2018-19 to $331 billion. While it is the first time that outbound trade has remained above $300 billion for two consecutive years, exports couldn't cross the government's internal target of $350 billion. In the 2017-18 financial year, exports stood at $303.52 billion. Cumulative value of exports for the period April-December 2018-19 was US $ 245.44 billion as against US $ 222.77 billion, registering a positive growth of 10.18 per cent over the same period last year.

On the other hand, cumulative value of imports for the year April-March 2017-18 is US $ 465.58 billion as against US $ 384.36 billion during the corresponding period of the previous year registering a positive growth of 21.13 per cent. Cumulative value of imports for the period April-December 2018-19 was US $ 386.65 billion as against US $ 343.34 billion over the same period last year, registering a positive growth of 12.61 percent.

Oil imports were valued at US $ 80.00 billion during Apr-Nov 2018-19 (P) which was 52.15 per cent higher than oil import valued at US $ 52.58 billion in the corresponding period of previous year. Non-oil imports were valued at US $ 268.79 billion during Apr-Nov 2018-19 (P) which was 8.07 per cent higher than non-oil import of US $ 248.73 billion in previous year.

II. Licensing

Licensing is a business arrangement in which one company gives another company permission to use patents, trademarks, copyrights, designs, and other intellectual properties in exchange for a percentage of revenue known as royalty.

Many retailers and manufacturers have woken up to the concept of licensing. Licensing of brands, sports, characters, entertainment series, celebrities, art, music and artists, are now becoming popular. This has created immense opportunities for the global licensing fraternity to

 ISSN : 2230-8431

Table 1

India's top 10 exported items (2018-19), US$

Exports	Revenue (in billions)
Mineral fuels including oil	48.3
Gems, precious metals	40.1
Machinery including computers	20.4
Vehicles	18.2
Organic chemical	17.7
Pharmaceuticals	14.3
Electrical machinery, equipment	11.8
Iron, steel	10
Cotton	8.1
Clothing, accessories	8.1

Table 2

India's top 10 imported items (2018-19), US$

Imports	Expense (in billions)
Mineral fuels including oil	168.6
Gems, precious metals	65
Electrical machinery, equipment	52.4
Machinery including computers	43.2
Organic chemicals	22.6
Plastics, plastic articles	15.2
Iron, steel	12
Animals/vegetable fats, oils, waxes	10.2
Optical, technical, medical apparatus	9.5
Inorganic chemicals	7.3

explore India. The concept of licensing is fast gaining acceptability with a number of international brands planning to cater to India via licensing.

In India, until a few years ago, no one could have ever thought of brands as assets - they were just a differentiating factor. With changing times, the role of

brands has also changed. Over the past 10 years, brand consciousness has grown significantly in India, with companies using a mix of social, print and online media to engage consumers. Smartphones and digital applications have offered greater opportunities for brand owners not only to grow their core business, but also to create new brands and subsequently new licensing streams.

Sports brands in general and soccer brands in particular are witnessing vast growth, with many international brands including FIFA, Real Madrid, The Smiley Company and the NBA generating business, retail and consumer interest in India. Many English football clubs such as Manchester United have established licensed academies and now sell a wide range of merchandise in India. The increasing popularity of sporting merchandise stems from the sale of adult apparel, accessories and footwear both online and in physical marketplaces – a sector that is expected only to grow.

Over the past five years, celebrity licensing has also increased, with Indian film stars and cricket players developing their own licensed merchandise. These include film star Salman Khan's Being Human, HrithikRoshan's HRX, Shahid Kapoor's SKULT, DeepikaPadukone's All About You and Alia Bhatt's eponymous fashion line, to name a few. Sports icons have also entered the fashion industry, with Mahendra Singh Dhoni's Seven, ViratKohli's WROGN and Yuvraj Singh's YWC Fashions creating a space on the retail shelf.

Traditionally, India has been a children's entertainment licensing territory. However, as a testimony to the growing entertainment industry and increase in the market for young adults, brands such as Superman, Batman and Pokémon, as well as The Simpsons, Star Wars and

Family Guy, are profiting from a growing popularity in licensed products across apparel, footwear, phone and computer accessories, stationery, gifts and novelties aimed at adult consumers. The advancement of online marketplaces has opened up an effective sales channel for these products in India, while simultaneously raising various infringement issues. India has had some success stories with home-grown intellectual property, including animated TV brand ChotaBheem, which enjoys a hugely successful licensing programme. However, while some local characters are well known on television, most have been unable to leverage the same success in regard to merchandising.

Ruling the ranks when it comes to market-share in India is fashion with an estimated USD 594 million, followed by entertainment and character icons at USD 406 million. Sport follows with USD 30 million. In this context, Indian brands only contribute about 10 per cent to licensing and merchandising activity in the country with a majority of the market-share commanded by Hollywood and US pop culture. But, with indigenous intellectual properties (IPs) in tow, the Indian market may soon be on the sunny side of the hemisphere. Licensing, as it is widely accepted, requires long-term vision and strategy. Further, it must be part of the blueprint when a brand is created. Licensors should bear in mind that India is a price-sensitive market; therefore, products must be available at a suitable

price for Indian consumers. However, enforcement of IPR and licensing in India is weak, time-consuming and costly.

III. Franchising

Franchising is the pooling of resources and capabilities to accomplish a strategic marketing, distribution and sales goal for a company. The franchisor grants to the franchisee the exclusive power to distribute its products or services in establishments which are equivalently equipped and furnished, as well as the right to use Intellectual Property Rights. It also provides the KnowHow, and the technical and commercial support for distribution to be carried out correctly. The franchisee follows the instructions stated by the franchisor in regards to the appearance, commercialization and corporate image on the authorized premises. For the services provided, the franchisee pays the franchisor a series of different fees. Other fees such as marketing, advertising, or royalties may be applicable and largely based on how the contract is negotiated and set up. Advertising, training and other support services are made available by the franchisor. International franchising is a strategic way to reduce dependence on domestic demand and grow new, future revenue and profit centres worldwide. Extending a brand globally through franchising involves low risk, requires minimal investment, and offers a huge upside potential for scaling capabilities.

The model of franchise management began in the 1990s in India, with the start of the era of liberalisation. This system was initially adopted by a few educational institutions and IT companies for business expansion and was slow to grow at first. But today, the franchise industry in the country has several well-known brands in various cities operating under this model. Franchising sector contributes nearly 1.8 per cent to the Indian GDP and forecasted to contribute 5 per cent to Indian National Income by 2025. There are 4,600 franchisors in India with 50 per cent Regional Brands, 34 per cent national and 16 per cent global Brands in franchising sector in India. States in the South and West region of India continue to lead the nation in franchise employment and output growth in 2018. The top 10 states (UTs) suitable for franchising are: Andhra Pradesh, Bihar, Delhi, and Haryana, UP, Mumbai, Tamil Nadu, Karnataka, and Madhya Pradesh & West Bengal. 53 per cent franchising brands offer a start-up business cost of less than or equal to Rs.5, 00,000 to a Prospective Business owner thereby addressing the high entrepreneurial drive in the country at the Bottom of Pyramid.

Franchising is growing faster than any other sector of the Indian economy. As a business model, franchising is well suited to India's business environment. India has no laws that specifically regulate business franchising. As a result, a franchise can be opened without concern for franchise regulations, registration, or accreditation. However, franchisors are governed by a number of different national and regional statutes and codes. To complicate matters, regulations often vary by region, and the lack of legal and regulatory recognition of franchises makes it difficult for them to obtain loans because most lenders do not treat franchisees as a separate customer segment. In addition, India is not a one-size-fits-all market. Tremendous differences in culture, language, preferences, and tastes make it impossible

to use just one business model for the entire country. Franchisors and their franchisees must therefore be highly innovative and flexible to succeed in the Indian market.

A lot of Indian franchising brands have gone international and are doing well. The most famous ones would be Food Service Brands Cafe Coffee Day (which is already in Austria, Malaysia, Egypt& Czech Republic) and Premium Casual Dining Brand Farzi Café, Speciality Indian Fashion and Home Brand Fab India, Mid-Market Hotel chain OYO Hotels and Taxi Aggregator OLA cabs. Seeing their success and growth one can imagine that more F&B and Apparel brands will soon be able to take the global route. Typically, Private equity funded Indian brands have shown most aggressiveness to step outside India for growth.

IV. Foreign Direct Investment (FDI)

Foreign direct investment (FDI) is an investment made by a firm or individual in one country into business interests located in another country. FDI takes place when an investor establishes foreign business operations or acquires foreign business assets, including establishing ownership or controlling interest in a foreign company. Foreign direct investments are commonly made in open economies that offer a skilled workforce and above average growth prospects for the investor, as opposed to tightly regulated economies. Foreign direct investment frequently involves more than just a capital investment. It may include provisions of management or technology as well. The key feature of foreign direct investment is that it establishes either effective control of, or at least substantial influence over, the decision-making of a foreign business.

Apart from being a critical driver of economic growth, foreign direct investment (FDI) is a major source of non-debt financial resource for the economic development of India. Foreign companies invest in India to take advantage of relatively lower wages, special investment privileges such as tax exemptions, etc. For a country where foreign investments are being made, it also means achieving technical know-how and generating employment. The investment climate in India has improved considerably since the opening up of the economy in 1991. This is largely attributed to ease in FDI norms across sectors of the economy. With an aim to attract and promote FDI, Government of India has put in place a policy framework on FDI, which is transparent, predictable and easily comprehensible.

FDI under sectors is permitted either through Automatic route or Government route. Under the Automatic route, the non-resident or Indian company does not require any approval from Government of India. Whereas, under the Government route, approval form the Government of India is required prior to investment. Proposals for foreign investment under the Government route are considered by the respective Administrative Ministry/ Department.

Foreign direct investment (FDI) equity inflows rose 28 per cent in the first quarter of 2019-20 to $16.3 billion from $12.7 billion in the year-ago period.

 ISSN : 2230-8431

Singapore continued to be the top source of FDI at $5.3 billion, followed by Mauritius ($4.6 billion). Among sectors, telecommunications garnered the maximum FDI at $4.2 billion, followed by services sector ($2.8 billion). The services include financial, banking, insurance, non-financial/business, outsourcing, research and development, courier, technology testing and analysis. India-bound FDI had dipped 1 per cent to $44.4 billion in 2018-19 from $44.8 billion in the previous fiscal. This was the first decline in six years. Between April 2000 and June 2019, India received $139-billion FDI from Mauritius and $88.3 billion from Singapore. In the first quarter, June saw the highest inflows of $7.2 billion and May the least ($3.8 billion).

The National Capital Region (Delhi, part of Uttar Pradesh and Haryana) attracted FDI of $5.04 billion, the highest among the states. However, Maharashtra, Dadra & Nagar Haveli, and Daman & Diu, which were the top spot for FDI in whole of 2018-19, slipped to fourth position in the quarter with combined investment of $1.5 billion.

V. Joint Venture

An agreement by two companies, typically one foreign and one domestic to work together for mutual benefit with specific ownership percentages specified in a long-term contract. These two companies set up a third company (the Joint Venture). This new company would usually be located in the same country as one of the two partner companies, with the purpose of mutually establishing an activity with its own objectives: marketing and distribution, research, manufacturing, etc. Companies of different countries that enter into a joint venture govern their relationship through the International Joint Venture Contract.

To maintain a successful joint venture in India, the associated parties should have a clear goal and conditions should be written out in the clauses of the JV agreement. Establishing a joint venture company is the preferred form of corporate structure for foreign investors

Table 3
Top 10 joint venture companies in India

Joint venture	Parent companies
Petronet LNG Ltd	BPCL, GAIL(India) Ltd, ONGC and IOCL
Indian oil Petronas Pvt Ltd	IOCL, Petronas
Delhi Aviation Fuel Facility Pvt Ltd	DIAL, BPCL and IOCL
Indo Cat Pvt Ltd	USA, Intercat
Aavantika Gas Ltd	GAIL(India) Ltd and HPCL
IOT Infrastructure and Energy Services Ltd	IOC, Oiltanking GmbH,
Mahanagar Gas Ltd	BG Group, GAIL(India) Ltd
Indian Synthetic Rubber Pvt Ltd	IOCL, THC, Marubeni Japan and BVI
Ratnagiri Gas and Power Pvt Ltd	NTPC Ltd and GAIL(India) Ltd
Indian Oil Sky Tanking Ltd	Ruchi Soya and Indian Oil

doing business in India. In sectors where 100 percent FDI is not allowed in India, a joint venture is the best medium, offering a low risk option for companies wanting to enter into the vibrant Indian market. All companies registered in India, even those with up to 100 percent overseas equity, are considered the same as local companies. Corporate joint ventures are regulated by the Companies Act, 2013 and the Limited Liability Partnership Act, 2008. Corporate JVs will also be subject to the country's tax laws, The Foreign Exchange Management Act of 1999, labour laws (such as the Minimum Wage Act, 1948, Industrial Disputes Act, 1947, and state specific shops and establishment legislation), The Competition Act of 2002, and various industry-specific laws. A JV may be formed with any of the business entities existing in India.

Conclusion

The most common and easiest mode of entry into international business is exporting. Many countries depend on exporting to enter into the foreign markets. Cumulative value of both exports and imports are rising at a faster pace in India. Brand licensing which was not familiar to Indian economy started gaining popularity in recent times. But, enforcement of IPR and licensing in India is weak, time-consuming and costly. However, franchising is growing faster than any other sector of the Indian economy as India has no laws that specifically regulate business franchising. Foreign direct investment (FDI) is a major source of non-debt financial resource for the economic development of India. Foreign companies invest in India to take advantage of relatively lower wages, special investment privileges such as tax exemptions, etc. In sectors where 100 percent FDI is not allowed in India, a joint venture is the best medium, offering a low risk option for companies wanting to enter into the vibrant Indian market.

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 ISSN : 2230-8431

FISHERIES IN INDIA: AN INSIGHT TO THE FISH EXPORT OF THE COUNTRY

***Priyanka V, **Dr. U. Abdul Khalam**

Abstract

India is an export basket of various fish and fish products. India's coastline stretches about 8129 kilometers which is almost two thirds of the whole country. Fisheries sector assumes significance in the Indian economy in several aspects; which include a large share in the GDP, source to foreign exchange, create huge employment opportunities and many others. India's import on fish and fish products are negligible. Conversely, from among its agricultural produce exported, marine products hold prime status. The present study was initiated with the objective of analyzing the export performance of marine products in India over the past ten years.

Key words:- Export basket, Share in GDP, Foreign Exchange, Employment Opportunities.

Indian fisheries and aquaculture plays a prominent role in the food production of the economy besides providing nutritional security. It also provides gainful employment opportunities to more than 14.5 million people. It also contributes a lion's share to agricultural exports of the country. The total fish production during 2017-18 is estimated to be 12.60 million metric tonnes, of which nearly 65 per cent is from inland sector, 50 per centof the total production is from culture fisheries, and constitutes about 6.3 per cent of the global fish production. (https://nfdb.gov.in).

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Table 1

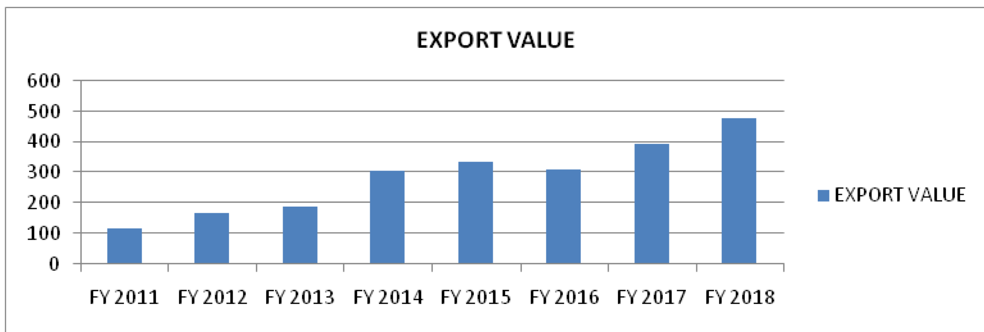
Fisheries Resource in India

Length of coastline (Km)	8129
Exclusive economic Zone (million sq km)	2.02
Continental Shelf ('000 sq km)	530
No: of fish landing centers	1376
No: of fishermen families(in lakhs)	0.76
Fisher folk population (in millions)	35.74

Source: Census report and DAHDF publication

Figure 1

Export value of fish and fish products in billions (Indian Rupees) from India from 2011 to 2018.



Source: https://www.statista.com/statistics/623927

India is the second largest producer of fisheries in the world followed by China. Marine fisheries resources of the country comprises of more than 200 species of different varieties of fin fish and shell fish. Varieties of Prawns, Shrimps, Lobsters, Crabs, Squid, Cuttle fish, Oyster, Shark, Tuna, Sardine, Pearl spot are commercially important species which are of heavy demand from other countries (https://mpeda.gov). Fish and fish products have presently emerged as the largest group in agricultural export from India, with 13.77 lakh tonnes in terms of quantity and Rs. 45,106.89 crore in value. This accounts for around 10 per cent of the total exports and nearly 20 per cent of the agricultural exports, and contribute to about 0.91 per centof the GDP and 5.23 per cent to the agricultural Gross Value Added of the country. (https://nfdb.gov.in). The export value of fish and fish products from India amounted to over 476 Billion Rupees. The chart (Figure 1) depicts export value of fish and fish products in billions (Indian Rupees) from India from 2011 to 2018.

Significance of the study

Fisheries are one of the fastest growing food sectors of Indian economy. India is gifted with wider coastal area

 ISSN : 2230-8431

which contributes directly to the growth of the economy. Sea food export constitutes about 70 per cent of the total food exports of the country and is not only a preeminent grantor towards the foreign exchange of the country but also creates huge employment opportunities and thereby contributes to the overall growth of the economy. Even if the exports of fish and fish products of the country shows a steep growing trend, balance of payment of the country still shows deficit. At this stance it is observed necessary to comprehend the export details and recent challenges confronted by Indian exporters.

Objectives of the study

The main objective of the study is to analyse export performance of marine products from 2007-08 to 2017-18.

Review of literature

Many studies have been previously conducted regarding fisheries sector, its potentials, prospects, imports, barriers etc. Meenakshi (2007) in her study on fisheries trade has studied about both tariff and non tariff barriers. The study concentrated on India's trade with Norway. It was found that share of imports of fisheries from Norway is increasing overtime in terms of Indi's global imports of fisheries. Veena Renjini (2017) in her paper Trade Potential of the fishery sector: Evidence from India, attempted to understand and compare the comparative advantage of India in fishery sector exports with its competitors in the era of stringent sea food products. The RCA Index revealed that India is the third advantageously placed country after Norway and Thailand. Mahida Navghan & et.al (2017) focuses on explaining the competitiveness of India's sea food trade of India and its efficiency and relative advantage in Indian Market.

Results have shown that India does not have comparative advantage in exporting fish and fish products. Proper attention has to be paid towards the export procedure and quality enhancement in the export of sea food. Bharti Malukani(2016) identified the export potential of Soyabean from India. Evenif the export potential of Soyabean is high; India is required to strengthen its position in global market. Shyam S Salim &et.al (2015) in his conference paper on Marine Fisheries Trade in India has suggested various trade dilemma experienced in fisheries sector and the average export value of Indian marine products before and after WTO. Trine Trollvik (2002) put light on the impact of World trade organization agreements on fish trade. After implementing many of the agreements in the Uruguay Round, the tariffs are high and non tariff barriers are many.

From the literature cited , it is obvious that many studies have been conducted I understanding the tariff and non tariff barriers faced by exporters but a relevant study on the export of fish and fish products have not been conducted. Hence the research gap has been identified and an expolatory study has been conducted secondary data

Frozen Shrimp is the chief item or the key contributor to sea food export basket, which earns about 68.46 per cent of total dollar earnings. Frozen fish is the second largest item which contributes

about 25.64 per cent in quantity and 10.35 per cent earnings. The overall export of shrimp during 2017-18 stood about 5, 65,980 tonnes. Diminuting 60 other countries in the world, India spurts as the largest exporter of shrimp a major seafood export item to USA. In 2017, USA imported more than 32 per cent of shrimps from India alone and in 2018, it has imported about 6, 64,119 tonnes of shrimp. USA and South East Asia retained their positions as major import markets of India's sea food products, with a share of 32.76 per cent and 31.59 per cent in dollar terms respectively, followed by European Union (15.77 per cent), Japan (6.29 per cent), Middle East (4.10 per cent) and China (3.21 per cent).

India faces daunting challenges of oversupply from Ecuador and Argentina and increased supply from Vietnam and Thailand lead to drop in global shrimp prices, yet India's seafood industry has been maintaining its growth streaks. (https://economictimes. India times.com/news/economy/foreign trade) Following diagram (Figure 2) depicts the marine products export performance (Value in US $)

The linear trend line shows a fluctuating change in the export, even though 2017-18 shows a growth in the export, the increase is not constant as it is in case of previous years.

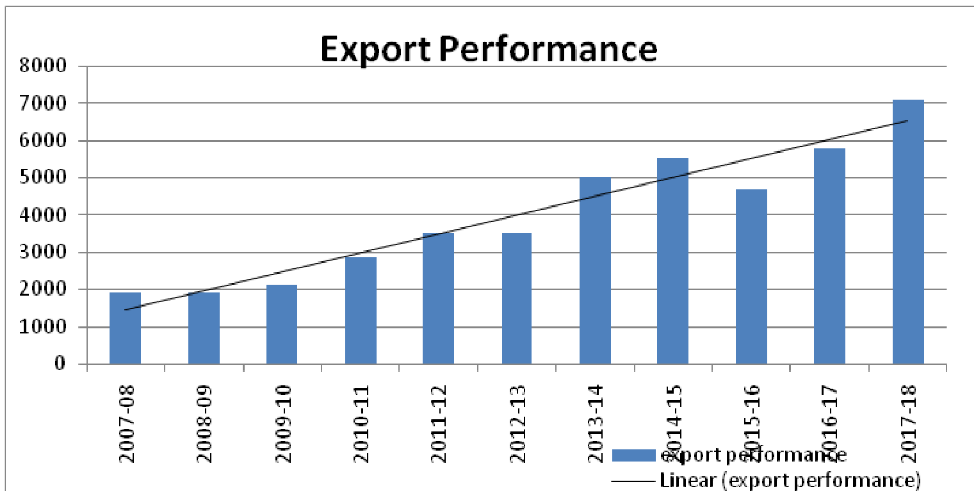
Results and Discussions

The following table (Table 2) shows the details of export performance of marine products during the period from 2007-08 and 2017-18.

During the year 2007-08 increase in exports was only 1 per cent, there was a steady increase in exports till 2010-11. During 2011 -12 the exports shown a declining trend i.e. from 34 per cent to 23 per cent and during 2012-13 the

Figure 2

Marine products export performance (Value in US $)



Source: Annual report 2017-18, MPEDA

 ISSN : 2230-8431

Table 2
Export performance of marine products during the period from 2007-08 and 2017-18.

YEAR	EXPORT PERFORMANCE (US $ MILLIONS)	YEARLY CHANGE
2007-08	1899.09	
2008-09	1908.63	1 per cent
2009-10	2132.84	12 per cent
2010-11	2856.92	34 per cent
2011-12	3508.45	23 per cent
2012-13	3511.67	0 per cent
2013-14	5007.7	43 per cent
2014-15	5511.12	10 per cent
2015-16	4687.94	-15 per cent
2016-17	5777.61	23 per cent
2017-18	7081.55	23 per cent
	CAGR	12 per cent

Source: Secondary data is collected from annual report of MPEDA (https://www.mpeda.gov.in)

change was 0 per cent. During 2013-14 the exports showed a sudden spurt but it declined suddenly and reached a deficit of -15 per cent during 2015-16. A steady increase was shown in exports during 2016-18. The compound annual growth rate of exports is 12 per cent.

Even though our exports are high, it is fluctuating. This may be attributed by the stiff competitor offered and higher market penetration efforts from major marine products exporting countries like China, followed by Vietnam and Thailand. US one of the leading importers of Indian marine products has imposed a ban on wild shrimps caught by vessels not fitted by Turtle Excluder Device (TED), shipment of these shrimps to other countries fetches lower earnings, which is also one of the reasons for the slow growth or decline in marine products from India.US has also established a Seafood Import Monitoring Programme which has created heavy pressure on Indian exporters. SIMP is a programme to ensure protection to US economy and to ensure global food security by preventing illegal, unreported and unregulated fishing and/or misrepresented sea food from entering US Commerce. (https://www.iuufishing.noaa.gov).

Conclusion

Fisheries are one of the leading sectors of Indian economy. Fish and fish products are not only major item of consumption in the country but also a

source towards the foreign exchange of the country. The study revealed that exports of the country are inconsistent and fluctuating. In order to have stable growth necessary steps have to be taken both by the Government and by the exporters. They have to develop long term strategies and plans to create demand and to meet competition from other countries effectively. If proper attention has been paid towards the export procedure and quality enhancement in export of seafood, India can incorporate this irregularity in competitiveness which lead fisheries a major foreign currency contributing sector.

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CUSTOMER RATIONALITY TOWARDS RISK RETURN ANALYSIS OF SELECTED CAPITAL MARKET INVESTMENTS

***Sivaprasad, **Dr. Gabriel Simon Thattil**

Abstract

Index Funds provide diversification of investment which reduces the risk involved. There are different categories of Index Funds based on the underlying assets. The risk return profile and market efficiency in the trading Index Fund have to be determined to assess whether it is an attractive investment alternative. In this study, the return and risk of Index Funds have been studied for a period of 36 months. The objective of the study is to analyse whether the return and risk of Index Funds vary across different time periods and across the different Index Funds within the same category. The correlation between returns of different Index Funds has also been studied. The daily return of index Fund has been used in the statistical analysis of return and risk.

Key words:- Index Fund, Risk, Return, Correlation

Trading in single stocks involves high risk, but Index Funds provide diversification of investment, which reduces the risk involved. This feature makes it more attractive than investment in single stocks. The optimality of Index Funds investment depends upon its risk return profile and market efficiency. In this context, an examination of risk return profile of Index funds and the market efficiency in the trading of Index funds is a relevant exercise for enhancing

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the performance of investors in Index Fund.

2. Index Fund

An index fund is a type of mutual fund with a portfolio constructed to match or track the components of a financial market index. An index mutual fund is said to provide broad exposure, low operating expenses and low portfolio turnover. These funds follow their benchmark index no matter the state of the markets.

Stock market index represents a group of shares. It is calculated by taking into consideration the prices of representative group of stocks traded in the particular stock market. An index is a number arrived at through certain calculations. It is used to measure and track the movement of specific values.

A stock index is a number computed to measure and track the value of portfolio of stocks used to represent the stock market. A stock market index is created by selecting a group of stocks are capable of representing the whole market or a specified sector or segment of the market. The change in the prices of this basket of securities is measured with reference to a base period. The impact of changes in the prices of individual securities forming part of the index on the value of the index depends upon the method of calculation. The index may be a price- weighted index or a value weighted index. In a price weighted index only the prices of individual securities are considered and each security has equal weighted index. In a value weighted index each security in the index has weightage proportionate to its market capitalization i.e., the market value of the shares. A company with higher capitalization will have greater impact on the index than a company with smaller capitalization.

A stock market index acts as the indicator of the performance of the overall economy or a sector of the economy. Stock market indices are useful in understanding the level of prices and the trend of price movement of the market as a whole.

BSE Sensex is an index composed with 30 stocks representing a sample of large, well established and financially sound companies selected from different industry groups. The Mumbai Stock Exchange has been increasing the range of its indices with segment-specific and sector- specific indices to meet requirements market participants for more specific information on the market activities. The important sectoral indices launched by BSE are BSE Auto Index, BSE BANKEX, BSE Capital Goods Index, BSE Consumer Durable Index, BSE FMCG Index, BSE Healthcare Index, BSE IT Index, BSE Metal Index, BSE Oil & Gas Index, BSE Power Index, BSE Reality Index etc.. In order to track the performance of companies with relatively smaller market capitalization, BSE Midcap Index and BSE Smallcap Index were started at BSE. Among them four Index Funds were used for study purpose.

3. Statement of the Problem

Trading in single stocks involves high risk, but Index Funds provide diversification of investment which reduces the risk involved. This feature

 ISSN : 2230-8431

makes it more attractive than investment in single stocks. The optimality of Index Funds investment depends upon its risk return profile and market efficiency. What is the return and risk of Stock Index Funds? These are the issues discussed and studied in the article.

4. Literature Review

There are number of research studies regarding the risk return analysis of Index funds. Kevin (2017) compared the risk return profile and market efficiency in exchange traded fund investment and index funds. The study finds return and risk analysis of selected index ETFs and efficiency of ETFs for the sample period from January 2015 to June 2017. Result of the study indicates that variation in the return of all types of ETFs across different time period and there is market efficiency in the trading of both Gold ETFs and Index ETFs.

Narend (2014) has compared the performance of ETF and Index Funds traded in National Stock Exchange of India on the basis of three parameters: a) tracking error, b) active returns, c) Jensen's alpha. The result of the study was both ETFs and index funds have not been able to provide excess returns over the market.

The focus of this study is comparative analysis of the return and risk and market efficiency in the trading of different types of Index funds.

5. Objective of the Study

The important objective of the study is to examine the customer rationality towards return and risk of various sectoral Index Fund investments.

6. Methodology of the Study

The analysis of data is based on the daily returns of Index Funds, in this study provides empirical answers to the objectives. The study is based on the performance of the Index Funds traded in BSE. There are 55 stock market indexes in the Index heatmap of BSE. From among the BSE Stock Market Indices, four have been selected for the study based on the availability of data set. The Stock Indices selected for the study are:

1. BSE Auto Index
2. BSE BANKEX
3. BSE FMCG Index
4. BSE IT Index

6.1 Period of the Study

The period of study has been subdivided into six sub periods or half years. The sub periods are as follows (Table No: 6.1.1):

The analysis of return, risk and market efficiency have been carried out by using

Table No: 6.1.1

Sub Periods	1	2	3	4	5	6	Total
Months	1st Jan. 2016 to 30thJune2016	1st July 2016 to 31stDec.2016	1stJan. 2017 to 30thJune2017	1st July2017 to 31stDec.2017	1stJan.2018 to 30thJune2018	1stJuly2018 to 31stDec.2018	
Days	123	124	123	125	124	122	**741**

Source: Computed data.

the daily returns calculated from the closing prices of each trading day. The study is based on secondary data collected from BSE website. The daily closing prices of Stock indices for the period from 1st January, 2016 to 31st December, 2018 (741 days) have been used for the study.

6.2 Tools of Analysis

To evaluate the return and risk profile of Index Funds, mean, standard deviation and coefficient of variation have been calculated for the daily returns of each Index Funds selected for the study. The formula used for conversion of closing price data into daily return is [((P1-P0)/ P0) X100]. Correlation analysis has been carried out for understanding the association between the daily returns of the stock indices selected for the study. Regression analysis is used to study the impact of the variation in Sensex returns on the variations in the daily returns of Index Funds. The difference in daily returns of different Stock index has been studied with the help of Analysis of variance.

6.3 Hypothesis

1. H01: There is no significant difference in the daily returns of different Index Funds.

7. Results and Discussions

7.1 Return of Index funds

Table 7.1.1 gives the period – wise mean of daily returns of stock index funds.

It can be observed that the mean of the daily returns for the different sub periods for each Index Funds various and some of them from negative to positive. In Auto Index, sub periods 5 and 6 have negative returns while other sub periods shows positive return. In FMCG Index, sub period 2 observed negative return and other sub periods have positive returns. In IT Index sub periods 2 and 3 indicate negative returns and other sub periods have positive returns. In BANKEX, all sub periods have positive returns but it shows varying trend. The overall mean of daily returns for the four Index Funds varies from 0.0222 for Auto Index to 0.0669 for BANKEX. Is the

Table 7.1.1

Means of Daily returns of Stock Indices

Period	Auto Index	BANKEX	FMCG Index	IT Index
1	0.0616	0.0598	0.0637	0.0169
2	0.0291	0.8949	-0.0269	-0.0715
3	0.1213	0.1956	0.2063	-0.0231
4	0.1103	0.0785	0.0247	0.1131
5	-0.0889	0.0156	0.0407	0.1759
6	-0.1017	0.0371	0.0492	0.0179
Overall Mean	0.0222	**0.0669**	0.0594	0.0385
Rank	**4**	**1**	**2**	**3**

Source: Computed data.

 ISSN : 2230-8431

difference in the returns of stock index statistically significant? The following hypothesis is proposed for testing:

H01: There is no significant difference in the daily returns of different Stock Index Funds.

7.2 ANOVA Test

The hypothesis is tested using Analysis of Variance. The result of the analysis is presented below(Table 7.2.1):

The analysis results clearly indicate that the difference in daily returns is not statistically significant as the p value is greater than 0.05. The null hypothesis is accepted.

7.3 Risk of Index Funds

The absolute risk is measured using standard deviation (SD) of daily returns and relative risk is measured using coefficient of variation (CV) which is the ratio of standard deviation to mean, expressed as a percentage.

Table: 7.3.1 shows the Coefficient of variation of stock indices.

The risk of different Stock indices varies across different time periods for all Stock indices. The overall Coefficient of variation is the lowest for FMCG Index (1583.813) and the highest for Auto Index (5056.091). Thus risk of Index Funds varies across time periods as well as across different Index Funds.

Then the question arises as to how far these daily returns of different Index Funds are associated or correlated with each other. The hypothesis proposed for testing is as follows:

H02: There is no significant association between the daily returns of different Stock indices.

8. Correlation Test

Correlation analysis is used to test the hypothesis. The result of the analysis is presented below (Table 8.1.1):

There is fairly robust correlation between different pairs of stock index returns. All the correlation coefficients are statistically significant as they are the critical

Table 7.2.1

One Factor ANOVA

Index Funds	N	Sum	Average	Variance	Std. Dev
Auto Index	741	0.164374	0.000222	0.000126	0.011216
BANKEX	741	0.495394	0.000669	0.000117	0.010814
FMCG Index	741	0.440149	0.000594	0.000089	0.009408
IT Index	741	0.285092	0.000385	0.000116	0.010791

Source: Computed data.

Table 7.2.2

Anova Table

Source of Variation	SS	Df	MS	F	p-value
Between Groups	0.000091606	3	0.00003054	0.272826	0.845036
Within Groups	0.331291497	2960	0.00011192		
Total	0.331383103	2963			

Source: Computed data.

Table 7.3.1

Coefficient of Variation of Stock Indices

Period	Auto Index	BANKEX	FMCG Index	IT Index
1	2245.196	2464.492	1694.366	6919.067
2	4456.706	127.0089	-3505.79	-1511.88
3	712.7584	420.1963	422.616	-2439.27
4	751.7375	1080.643	3449.649	727.6015
5	-1007.08	6222.903	1765.451	628.7337
6	-1297.47	3005.857	2121.127	7083.393
Overall CV	5056.091	1636.657	1583.813	2804.707
Rank	4	2	1	3

Source: Computed data.

Table 8.1.1

Correlation Matrix

	Auto Index	BANKEX	FMCG Index	IT Index
Auto Index	1			
BANKEX	0.672432	1		
FMCG Index	0.552819	0.51841	1	
IT Index	0.242142	0.229889	0.249277	1
	741	Sample Size		
	+/- 0.079	Critical value 0.05 (two tail)		
	+/- 0.104	Critical value 0.01 (two tail)		

Source: Computed data.

value at 5 per cent significant level. The null hypothesis is therefore rejected.

It can be concluded that, the daily return of different stock index are more or less uniform and they are correlated each other.

9. Findings and Conclusion

The study has analysed the risk return of four Index funds using the price data for a period of 36 months. The market efficiency in the trading of Index funds is also examined. The major findings of the study are, there is variation in the return of all types of Index Funds across different sub-periods. In ANOVA test, there is no significant difference in the returns of different Index Funds in each category. In Correlation test, the daily returns of different Index Funds within each category are correlated to each other. Index funds are suitable for investment, but the timing of investment is very important as the return varies in different periods. Hence, analyse before investment return and risk with each Index funds.

10. Limitations and Scope for Future Studies

The study is limited to only the selected sectoral index funds tracking the BSE Sensex and does not consider other indices. The scope of the study is limited to January 2016 to December 2018, only three years. The study can be extended by considering Nifty and other index funds and the volatility of other periods.

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Published in 2007 Pages 114 Priced Rs. 80 Paperback

GLOBAL VALUE CHAIN ANALYSIS: AN OVERVIEW

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Abstract

The Value chain describes the full range of activities that firms and workers perform to bring a product from its conception to end use and beyond. This includes activities such as design, production, marketing, distribution and support to the final consumer. In the context of globalisation, the global economy is increasingly structured around the Global Value Chains (GVC) that accounts for a rising share of international trends, global GDP and employment. GVC's link firms, workers and consumers around the world and often provides a stepping stone for firms and workers in developing countries to integrate into the global economy.

Key words:- Global value chain, Value chain, Markets, Modular, Captive, Hierarchy.

In 1985 Michael Porter introduced the concept of Value Chain. It comprises all activities that involved in introducing a new product that is from the conception stage to the stage of final consumption. These activities include a combination of product concept development, physical transformation of raw inputs into final product and its delivery to final consumers.

Objectives of the Study

1. To examine the concept of value chain.
2. To analyse the concept of Global Value Chain & its typology.

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 ISSN : 2230-8431

Methodology

The study is both descriptive & analytical in nature. The study is based on secondary data. The data have been collected from some published &unpublished sources.

Global Value Chain

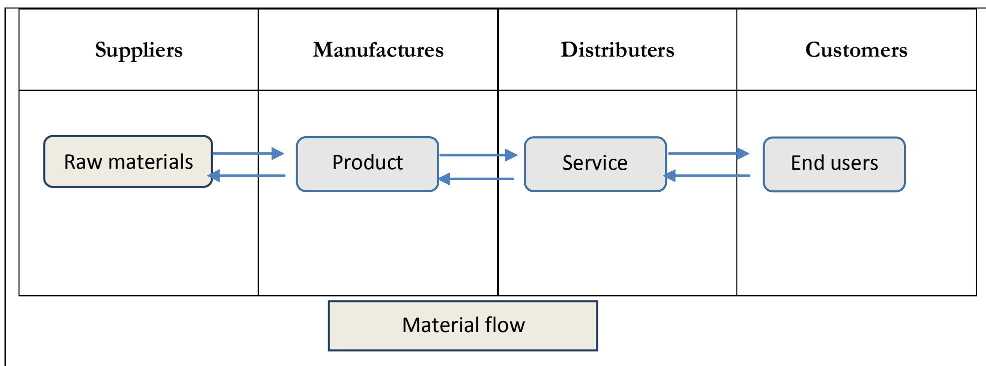
A value chain involves the various stages of firms' activity to bring a product or a service from its conception to its end use by final consumers, those activities have become increasingly fragmented across the globe and between firms which allows the various tasks along the production chain to be carried out in distant locations, depending on their respective comparative advantages and it is referred to as global value chains. Global value chains can also be defined as networks of functionally interrelated producers and buyers that are engaged on a global scale in processes of value creation as products pass across borders and between different actors in the chain. And the importance of global value chains will continue to increase in our increasingly interdependent economic world, and the need to have a better understanding of all of its implications, including in particular for trade policy, is a critical task for policymakers to improve the competitiveness of their country in the global value chain.

Global Value Chain Governance

Global Value Chain (GVC) governance is introduced by Gereffi in 1994 and it is currently a central core concept for global value chain approach to determine an authority and power relationship in the chain that determines how financial, material, and human resources are allocated and follow within a chain, and to set strategic parameters on: 'what' or 'how' a product/service should be produced as well as 'when', 'how much' and even 'at how much price'. Gereffi in his research, distinguished between two types of chains: (a) producer-driven chains where the lead company is the end (b) buyer-driven chains where the lead company is the retailer or branded. But depending on the typology of the governance, whether it is producer driven or buyer driven. There are five basic types of value chains governance in which the 'Captive', and

Figure 1

VALUE CHAIN SYSTEM



'Hierarchy' value chains are demand-driven; the 'Modular' and 'Relation' chains resemble most of what used to be producer-driven chains. The 'Markets' chain type tends to be the least driven.

Types of Global Value Chain GovernanceMarket

Market governance involves transactions that are relatively simple, information on product specifications is easily transmitted, and producers can make products with minimal input from buyers. These arms-length transactions require little or no formal cooperation between participants and the cost of switching to new partners is low for both producers and buyers. In this case, the buyer has no controlling interest in the production, sets few if any standards, and provides producers with little to no information on what the market wants and how to produce it. Here, the parameters are defined solely by each firm at its point in the chain, and the central governance mechanism is price rather than a powerful lead firm. An example is when a trader buys produce at the farm gate or in a wholesale market and either sells it in the local market or exports it.

Modular

This is the most market-like of the chain network governance patterns. Typically, suppliers in modular value chains make products or provide services to a customer's specifications. Suppliers in modular value chains tend to take full responsibility for process technology and often use generic machinery that spreads investments across a wide customer base. This keeps switching costs low and limits transaction-specific investments, even though buyer-supplier interactions can be very complex. Linkages (or relationships) are more substantial than in simple markets because of the high volume of information flowing across the inter-firm link, but at the same time, codification schemes can keep interactions between value chain partners from becoming highly complicated and difficult to manage.

Relational

In this network-style governance pattern, interactions between buyers and sellers are characterized by the transfer of information and embedded services based on mutual reliance regulated through reputation, social and spatial proximity, family and ethnic ties, and the like. Despite mutual dependence, the lead firm still specifies what it needs, and controls the highest valued activity in the chain, thus having the ability to exert more control over the supplier. Producers in relational chains are more likely to supply products differentiated in the marketplace as a result of their complexity, quality, origin or other desirable characteristics. As a result, dense interactions and knowledge sharing occurs, but unlike modular networks, this knowledge cannot be codified, easily transmitted or learned. Furthermore, relational linkages take time to build, so the costs and difficulties involved in switching to new partners tend to be high.

 ISSN : 2230-8431

Captive

In these chains, small suppliers are dependent on a few buyers that often wield a great deal of power and control. Such networks are frequently characterized by a high degree of monitoring and control by the lead firm. The asymmetric power relationships in captive networks force suppliers to link to their buyer under conditions that are set by, and often specific to, that particular buyer. This leads to thick linkages and high switching costs all round. Yet, these lead firms are also the most likely to invest in the product and process upgrading of their suppliers. Since the core competence of these lead firms tends to be in areas outside of production, helping their suppliers upgrade their production capabilities does not encroach on their core competency, but it will benefit the lead firm by increasing the efficiency of their supply chain. Competent, ethical leadership is important in such cases to ensure that suppliers receive fair treatment and an equitable share of the market price.

Hierarchical

Hierarchical governance describes chains that are characterized by vertical integration and managerial control within a set of lead firms that develops and manufactures products in-house. This usually occurs when product specifications cannot be codified, products are complex, or highly competent suppliers cannot be found.Hierarchical structures provide regular employment, guarantee quality and build producer capacity. Less tangible social benefits may also be associated with hierarchical relationships: influential business people may offer a measure of protection to local communities, for example, or provide schools, health facilities or consumer credit. These benefits can be important to the livelihood strategies of the vulnerable, but the prioritization of social considerations over industry competitiveness represents a potential trade-off between economic upgrading and social upgrading.

Conclusion

A value chain can be contained within a single geographic location or even a single firm (think about a fruit that is grown, packaged, sold and consumed within one country). A global value chain is divided among multiple firms and geographic spaces. For example, a computer uses labour and materials from multiple suppliers in different countries, is assembled in another country, and was designed and will ultimately be sold in other places. The GVC Initiative is particularly interested in understanding value chains that are divided among multiple firms and spread across several locations, hence the term "global value chain."Firms and workers in widely separated locations affect one another more than they have in the past. Some of these effects are quite straightforward, such as when a firm from one country establishes a new factory or engineering centre in another country, and some are more complex, such as when a firm in one country contracts with a firm in another country to coordinate production in plants owned by yet another firm in a third country, and so on.

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STATEMENT ABOUT THE OWNERSHIP AND OTHER PARTICULARS ABOUT THE MANAGEMENT RESEARCHER

Form IV (See Rule 8)

1. Place of Publication	:	Trivandrum, Kerala
2. Period of Publication	:	Quarterly
3. Printer's Name and Address	:	Navadhara Printers Sreekaryam, Trivandrum - 695 017
4. Editor's Name and Address	:	Dr. C.V. Jayamani TC 8/123, Pooja, Kavil Lane Cheruvakal, Sreekaryam Trivandrum - 695 017
5. Ownership	:	Institute of Management Development and Research, Convent Road, Trivandrum

I, Prof. S. Krishnan Nair, hereby declare that the particulars given above are true to the best of my knowledge and belief.

(Sd/-)

Prof. S. Krishnan Nair

Publisher

ISSN : 2230-8431

CONSUMER PERCEPTION TOWARDS SHOPPING IN MALLS

***Dr. B Chandrachoodan Nair**

Abstract

The organized retail sector is witnessing a transformation from local Kirana shops to shopping malls which provide an exciting shopping experience. The consumers perceive various factors influencing them to visit shopping malls .The present study is an attempt to understand the influence of factors leading to shopping and understanding the entertaining factors which exist as supplementary ones acting as a catalyst leading to purchase from shopping malls. The study was conducted as a descriptive research after collecting primary data from 100 consumers of different demographic profile after reviewing relevant literature and personal interview using a structured schedule. The analysis was carried out by the application of SPSS. The study revealed that consumers irrespective of their demographic profile are getting attracted towards the transformation of the retail sector even though the level of influence by certain factors are not same for consumers of different demographic profile.

Key words:- Retail Sector, Kirana shops, Shopping Malls, Demographic Profile

Since recent past there is an unprecedented growth of shopping malls across the world. This transformation influenced consumers towards making shopping experience more excited. This phenomenon has impacted the retail sector a great extent and the shopping malls also opened up new avenues such as the provision of multiplexes for watching movies, food courts, and facilities for children's games and so on. These facilities attract people not only for purchase of goods taking advantages of wide varieties of branded products and discount offers, but also for window shopping. A preliminary study was conducted to identify the factors

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perceived by consumers in making a visit to the shopping malls for purchase of goods and it was revealed by customers that single point purchase of all products, genuine products, price discounts direct outlets of reputed brands and many choices of same product category are the ones which tops in the list. These factors can be classified as shopping factors leading to purchase. But there were other factors including watching movie, food courts providing variety of food, facilities for spending time with family as an outing location, watch latest trends in design and window shopping. But these factors need not result in a purchase and hence these factors can be classified as entertaining factors. The present study is focusing on the above factors as perceived by consumers and the area of study is confined to Kannur as it is adjudged as one of the fast growing area in Kerala and also in the context of new development initiatives such as the establishment of fourth largest international airport in India and development of Azheekkal port.

2. Objective

The study is to understand the influence of perceptional factors on consumers for visiting shopping malls.

3. Methodology

The study was conceived as a descriptive research .People visited shopping malls were defined as population for the study. The sample was drawn from the population based on convenience sampling method and primary data was collected based on a personal interview schedule from 100 respondents. Published articles are also reviewed. Statistical tools were applied for testing relevant hypothesis developed in tune with the objective of the study. The tests employed were independent sample t-test, One Way ANOVA, and Friedman test.

4. Data Analysis

The demographic factors including gender, age group, marital status, Educational level, occupation, income were considered for finding out significant relationship with variables of factors of perception considered in this study.

4.1. Gender and Study Variables

The following hypothesis was tested using independent sample t-test and the test results are presented in Table 1.

H_0: There is no significant difference between gender of the respondents and perceptional factors influencing shopping from malls.

Table 1 reveals that there is difference between gender and perception on 'genuineness of products' in shopping mall since p value relating to that variable is less than 0.01, at a significance level of 1 per cent and null hypothesis rejected for that variable.. Since p value is less than 0.05, as regard to factor 'price discount', the hypothesis is rejected at 5 per cent significance level, revealing that there is significant difference between gender and the variable relating to perception on 'price discounts' and 'presence of reputed brands' outlets. No significant difference is seen with regard to all other factors whether the consumers are male or female.

 ISSN : 2230-8431

Table 1

Gender and Perceptional Factors

Sl.No.	Perceptional Factors	Male		Female		t	p
		Mean	SD	Mean	SD		
I	***Shopping Factors***						
1	Single Point Purchase	1.69	0.836	1.73	0.915	0.242	0.809
2	Genuine Products	1.67	0.818	2.38	1.114	3.645	0.000
3	Price Discounts	2.71	1.197	2.04	1.364	2.594	0.011
4	Presence of Reputed Brands' outlets	2.11	1.356	2.76	1.151	2.536	0.013
5	Choices for same Product	2.84	1.424	2.93	1.421	0.339	0.735
	Total for Shopping factors	11.02	3.530	11.84	3.884	1.113	0.268
II	***Entertainment Factors***						
6	Watching Movies	1.96	1.036	2.42	1.340	1.930	0.056
7	Variety Food Courts	1.69	1.016	1.53	0.661	0.896	0.372
8	Outing Location	1.65	0.966	1.58	0.866	0.414	0.680
9	Latest Designs	2.78	1.287	2.82	1.336	0.154	0.878
10	Window Shopping	2.71	1.536	2.93	1.355	0.765	0.446
	Total for Entertainment factors	10.80	3.664	11.29	3.409	0.685	0.495

4.2 Age Group and Factors Perceived

One Way ANOVA test was carried out to see the significant difference among customers of different age group and factors of perception, developing the following hypothesis.

H_0: There is no significant difference among consumers of different age groups and factors of perception.

Table 2 depicts the results of the ANOVA test carried out to test the hypothesis

On going through the Table 2, it could be understood that there is no difference among consumers of age group and the variables coming under shopping factors. But as regard to 'watching movie's and 'window shopping', the null hypothesis is rejected at 1 per cent level since the p value if less than 0.01.Hence perception of age group differ as regard to those factors. The p value for the entertainment factors is less than 0.5, and hence the null hypothesis is rejected at 5 per cent level showing perceptional difference among varying age groups in visiting shopping malls.

4.3. Marital Status and Factors of Perception

The following hypothesis was formulated to study the significant difference between perception of married and unmarried consumers and the variables under study.

H_0: There is no significant difference in the perception of married and unmarried consumers and the factors under study.

The results of independent sample t-test are given Table 3 below.

It can be seen from the table that the null hypothesis is rejected at 1 per cent level as regard to the factors, 'watching movies' and 'window shopping'. Hence there is difference in perception between

Table 2

Age Group and Factors of Perception

Sl. No.	Perceptional Factors	Age Group (Years)					F	p
		15-20	21-30	31 to 40	41 -50	>50		
I	***Shopping Factors***							
1	Single Point Purchase	1.76	1,60	1.87	1.72	1.83	.324	.862
2	Genuine Products	1.86	2.15	2.07	1.89	1.50	.739	.568
3	Price Discounts	2.33	2.58	2.13	2.11	3.17	1.080	.371
4	Presence of Reputed Brands' outlets	2;19	2.38	2.13	2.83	2.67	.852	.496
5	Choices for same Product	2.81	2.95	2.53	3.00	3.17	.347	.846
	Total for Shopping factors	10.95	11.65	10.73	11.56	12.33	.339	.851
II	***Entertainment Factors***							
6	Watching Movies	1.48	1.95	2.73	2.89	2.50	5.510	.000
7	Variety Food Courts	1.29	1.58	1.67	2.00	1.83	1.803	.135
8	Outing Location	1.67	1.70	1.47	1.67	1.17	.561	.692
9	Latest Designs	2.67	2.78	3.07	2.94	2.33	.453	.770
10	Window Shopping	1.95	2.60	3.20	3.50	4.17	5.454	.001
	Total for Entertainment factors	9.05	10.60	12.13	13.00	12.00	4.122	.004

Table 3

Marital Status and Perceptional Factors

Sl. No.	Perceptional Factors	Married		Unmarried		t	p
		Mean	**SD**	**Mean**	**SD**		
I	***Shopping Factors***						
1	Single Point Purchase	1.85	0.770	1.55	0.951	1.718	0.089
2	Genuine Products	1.94	0.969	2.04	1.083	0.483	0.630
3	Price Discounts	2.32	1.327	2.51	1.300	0,721	0.473
4	Presence of Reputed Brands' outlets	2.47	1.324	2.32	1.287	0.583	0.562
5	Choices for same Product	2.91	1.334	2.85	1.518	0.191	0.849
	Total for Shopping factors	11.49	3.796	11.280	3.622	0.287	0.774
II	***Entertainment Factors***						
6	Watching Movies	2.70	1.310	1.570	0.683	5.278	0.000
7	Variety Food Courts	1.81	1.020	1.400	0.614	2.380	0.019
8	Outing Location	1.62	0.860	1.62	0.990	0.030	0.976
9	Latest Designs	2.89	1.396	2.70	1.196	0.706	0.482
10	Window Shopping	3.43	1.248	2.11	1.355	5.099	0.00
	Total for Entertainment factors	12.450	3.729	9.40	2.499	4.738	0.000

marital status and those factors of perception. The overall entertainments factors are perceived differently by married and unmarried consumers.There are no perceptional difference between marital status and variables under study as regard to all other factors.

4.4. Level of Education and Factors of Perception

An attempt was made to understand the difference in perception level among consumers as regard to the different factors of perception considered in this study. The hypothesis was formulated and

 ISSN : 2230-8431

results of One Way ANOVA conducted in this regard are given below.

H_0: There is no significant difference in perception among consumers of different educational levels as regard to the factors considered in this study.

The test results show that the hypothesis is rejected at 5 per cent level as regard to the factors, 'presence of reputed brand's and 'window shopping' since p value is less than 0.05.But for all other factors under study there is no

Table 4

Level of Education and Perceptional Factors

Sl. No.	Perceptional Factors	Level of Education					F	p
		Higher Secondary	Graduation	Post Graduation	Professional	Others		
I	***Shopping Factors***							
1	Single Point Purchase	1.46	2,00	1.40	1.79	1.83	1.894	.118
2	Genuine Products	2.31	2.23	1.30	1.74	2.00	2.294	.065
3	Price Discounts	1.92	2.53	2.50	3.05	2.04	2.361	.059
4	Presence of Reputed Brands' outlets	2;62	2.70	1.60	1.63	2.79	4.169	.004
5	Choices for same Product	2.85	3.23	2.60	2.89	2.61	.821	.515
	Total for Shopping factors	11.15	12.70	9.40	10.79	11.21	1.885	.119
II	***Entertainment Factors***							
6	Watching Movies	1.77	2.53	2.00	1.84	2.25	1.522	.202
7	Variety Food Courts	1.31	1.77	1.60	1.79	1.50	.936	.446
8	Outing Location	1.62	1.67	2.00	1.32	1.64	.971	.427
9	Latest Designs	2.54	3.13	2.20	2.68	2.86	1.214	.310
10	Window Shopping	1.77	3.23	3.10	3.05	2.57	2.932	.025
	Total for Entertainment factors	9.00	12.33	10.90	10.68	10.82	2.266	.068

Table 5

Occupation and Factors of Perception

Sl. No.	Perceptional Factors	Occupation					F	p
		Employee	Business	Retired	Professional	Others		
I	***Shopping Factors***							
1	Single Point Purchase	1.84	1,27	1.54	2.00	1.77	1.103	.360
2	Genuine Products	2.23	1.36	1.69	1.50	2.09	2.035	.096
3	Price Discounts	2.48	3.00	2.62	2.00	2.16	1.097	.363
4	Presence of Reputed Brands' outlets	2.61	1.18	1.77	3.00	2.72	4.760	.002
5	Choices for same Product	2.94	2.73	2.92	3.00	2.86	.051	.995
	Total for Shopping factors	12.10	9.55	10.54	11.50	11.60	1.185	.322
II	***Entertainment Factors***							
6	Watching Movies	2.39	2.09	2.15	3.00	2.00	.715	.096
7	Variety Food Courts	1.71	2.00	1.62	2.00	1.44	1.151	.338
8	Outing Location	1.77	1.64	1.62	1.00	1.53	.529	.715
9	Latest Designs	3.06	1.73	2.77	3.00	2.88	2.366	.058
10	Window Shopping	3.10	3.27	2.69	4.00	2.47	1.576	.187
	Total for Entertainment factors	12.03	10.73	10.85	13.00	10.33	1.241	.299

perceptional difference as regards to the level of education.

4.5. Occupation and Factors of Perception

The difference in perception among consumers of different occupation as regard to the factors of perception was studied using the following hypothesis and the data was subjected to One Way ANOVA test. The results of the test can be seen in Table 5.

H_0: There is no difference among consumers of different occupation with respect to the factors under study.

The values in Table 5 show that the null hypothesis is rejected at 5 per cent level since the p value is less than 0.05 as regard to the factor 'presence of outlets of reputed brands'. It can be inferred that there is difference in perception of consumers of different occupation as far as the 'presence retail outlets of reputed bands' are concerned. As regard to all other factors, perception remains the same among consumers of different occupation.

4.6. Income and Factors of Perception

To know the difference in the perception of consumers of different income groups towards shopping malls, One Way ANOVA test was conducted to test the hypothesis developed for the purpose and the results are tabulated in Table 6.

On going through the table values it can be understood that the p value is less than 0.05 and the Null hypothesis is rejected at 5 per cent significance level for the factors 'single point purchase', 'genuine products', 'presence of reputed brands',

Table 6

Income level and Factors of Perception

Sl. No.	Perceptional Factors	Income Groups					F	p
		10000 to 20000	20001 to 30000	30001 to 40000	40001 to 50001	>50001		
I	***Shopping Factors***							
1	Single Point Purchase	1.73	2.33	1.67	1.40	1.22	2.782	.031
2	Genuine Products	2.13	2.50	1.95	1.40	1.33	2.952	.024
3	Price Discounts	2.10	2.42	2.71	2.60	3.11	1.676	.162
4	Presence of Reputed Brands' outlets	2.60	2.92	2.29	2.10	1.22	3.004	.022
5	Choices for same Product	2.79	3.25	2.86	3.10	2.67	.355	.840
	Total for Shopping factors	11.35	13.42	11.48	10.60	9.56	1.612	.029
II	***Entertainment Factors***							
6	Watching movie	1.98	2.67	2.38	1.90	2.50	1.159	.334
7	Variety Food Courts	1.38	2.25	1.52	1.80	1.83	3.762	.007
8	Outing Location	1.67	1.58	1.62	1.40	1.17	.179	.949
9	Latest Designs	2.81	3.67	2.90	2.30	2.33	3.069	.020
10	Window Shopping	2.40	3.75	2.62	3.50	4.17	3-664	.178
	Total for Entertainment factors	10.23	13.92	11.05	10.95	11.44	2.836	.365

ISSN : 2230-8431

'variety food courts', 'latest designs' and also for total shopping factors since p value is less than 0.05.As regard to all other variables under study, perception of consumers of different income level remains the same.

4.7. Mean Rank among Factors of Perception

In order to study the level of influence by the factors of perception, hypothesis was developed and Fried man test was applied, the result of which are given in Table 7 below.

H_0: There is no significant difference among mean ranks as regards to the factors under study are concerned.

On perusing the results of the Friedman test shown in Table 7 it can be inferred that there is significant difference in the mean rank among the factors of perception of consumers towards shopping from malls. The p value for shopping factors and entertaining factors is less than 0.01 and hence the null hypothesis is rejected at 1 per cent level of significance. The variable, 'choices for the products' is having highest mean value of 3.73 among factors coming under shopping factors followed by 'latest design' with a mean value 3.70 among factors coming under entertainment factors. 'Single point purchase' and 'variety Food Courts' are the least prominent among all variables.

5. Findings

The study reveals that the perception of consumers, as regards to the variables studied, remains the same even though there are differences on certain factors based on demographic profiles. It seems that women are having more affinity towards shopping from malls. Married consumers show a tendency to shop from shopping malls, probably may be due to the perception that shopping malls are also places for an outing with family. Entertaining factors forms supplementary

Table 7

Friedman test for Mean Rank

Perceptional Factors	**Mean Rank**	**Chi Square Value**	**p value**
Shopping Factors			
Single Point Purchase	2.33	60.759	0.000
Genuine Products	2.61		
Price Discounts	3.11		
Presence of Reputed Brands' outlets	3.23		
Choices for same Product	3.73		
Entertainment Factors			
Watching movie	3.03	100.591	0.000
Variety Food Courts	2.24		
Outing Location	2.36		
Latest Designs	3.70		
Window Shopping	3.69		

to the shopping factors and it means that those factors remain as a catalyst in visiting shopping malls for purchase as the neighboring Kirana shops do not provide that shopping experience. Male and female consumers have different perceptions on 'price discount' and 'genuineness of products'. The consumers of different age group have different perceptions regarding entertainment factors. Perceptional difference is there among married and unmarried people as regard to the factors 'watching movies' and 'window shopping'. The perception of consumers of different educational background differs in the level of influence relating to the factor 'presence of out lets of reputed brands' and 'window shopping'. Perception of consumers of different occupation differs in their opinion on 'presence of out lets of retail outlets' of reputed people. People of varying income groups differ in their perceptions regarding 'single point purchase', 'genuine products', 'presence of reputed brand' and The perception on 'variety food courts' 'choices for the same products and 'latest designs' are the most influencing attractions for attracting consumers to shopping malls.

6. Conclusion

The study is very relevant as new shopping malls are likely to be established in the Kannur results of present study will be useful, for those who intend to establish shopping malls, for getting an overview of behavioral pattern of consumers of different demographic profile.

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A STUDY ON TOTAL QUALITY MANAGEMENT (TQM) IMPLEMENTATION IN HOSPITALS

***Maria Oommen, **Dr. K L Batra**

Abstract

TQM philosophy will be successful when it receives support from all the employees in the organization and this is possible only through providing adequate training to the employees on the TQM concepts. Providing training involves a lot of planning, designing, and implementation issues by itself and scheduling the clinical and nonclinical employees for training is also a challenge as many hospitals are operating with just adequate staff and deputing them for the training disorganizes the routine work of the staff. So, it creates an additional burden on the management to recruit additional employees which adds to the

operating cost. Further, the benefits of TQM may be reaped only after successful implementation and it takes time to prove to the public that the hospital is equipped with quality standards and thus improve its market standing. So, the management should be ready for this investment and be prepared to wait for a long duration to reap the benefits.

Key words:- TQM, Quality Standards, Globalisation, Quality Management

History to the study Total Quality Administration (TQM) implementation found in hospitals is a few years old concept generally, and relatively a fresh concept found in India. Accordingly, a significant number of well-outfitted hospitals in the united states are very thinking about implementing TQM within their facilities, in order to ensure ideal quality requirements and for rendering the perfect health care solutions to the individuals. Due to the emergence of globalization and liberalization, both manufacturing and support industries are even more special about the perfect quality

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standards to be able to enable them to come across the stiff rivals from both domestic and the world-wide market. It has made both manufacturing and services industries to look at various quality administration practices. TQM is usually one of the many prominent quality supervision ideas fruitfully and efficiently applied in the developing sectors on the planet over. TQM mainly because such is definitely a manufacturing idea & most of the conditions have developed with the making sector simply because the reference.

Nevertheless, as both developing and service sectors possess a systematic group of procedures which result in the two 2 delivery of the ultimate product (or assistance) the idea can be put on the service market also. Due to late, the idea is trusted operating sectors, in hospitals especially. Hospitals have already been progressively applying TQM primarily to spend less, enhance effectiveness and provide excellent patient care. Numerous dimensions of top quality such as for example effectiveness, efficiency, specialized competence, security, accessibility, interpersonal relations, continuity, facilities etc. are becoming evaluated by the sufferers in hospitals. Therefore TQM does apply for all your procedures in the hospitals which define the entire quality of program received by the people. It's been noticed by many experts that TQM is definitely an important component of hospitals' competitive technique (Deb, 2014; Harrington, Voehl& Wiggin, 2012). Research on TQM execution in service sectors have exposed that it offers improved client satisfaction, enhanced marketplace standing and improved the profitability (Ketchen&Hult, 2007; Martinsuo&Sariola, 2015). Hence, TQM can offer a competitive advantage to the hospitals. Hospitals that have applied TQM will differentiate themselves from their rivals based on greater service level of quality offered to the clients. Which means TQM idea is greatly used by the hospitals as a technique to enhance client satisfaction and organizational overall performance by giving high-quality services and products by including stakeholders, fostering teamwork, customer-driven top quality and continuously enhancing structures and techniques through the use of quality management methods and tools. Managers in the hospitals have got applied TQM and attempted the Deming's Plan-Do-Check-Act (PDCA) quality-improvement strategy and the ISO 9001:2015 level of quality management program (QMS) to boost the product quality in the hospitals.

Research Areas

The focal areas of this research are 'Total Quality Management', 'Competitive Advantage', and 'Business Performance' in the context of hospitals. However, the scope is not limited to these broad areas of research, but it extends to the areas related to these main areas.

Significance of the Study

TQM is an emerging and widely used management concept fruitfully and effectively implemented in both manufacturing and service sectors in the world over, and the literature is inundated with research outcomes in the areas of TQM and their chequered. Nevertheless,

 ISSN : 2230-8431

not many have explored into the area of TQM implementation in hospitals even though many hospitals are today ISO certified and have implemented TQM principles and practices. So, this research is significant as it explored a less investigated area to seek relationship between TQM implementation and its desirable outcomes.

Problem Statement

The achievement of TQM in developing industries has produced the support sectors emulate the TQM practices in order to improve their Organization Performance (BNP) and earn a Competitive Benefit (CMA). There are many researches that have indicated that actually operating industries TQM methods have produced comparable. Among the leading support sectors found in India is Health care Industry where the hospitals take up a significant role. An extremely large numbers of hospitals in India both from personal and general public sectors possess imbibed top quality standards and so are ISO qualified with TQM procedures set up. But there aren't many reports on TQM methods in healthcare. Therefore the study gap discovered through the literature assessment is usually that there is absolutely no empirical proof for the linkage of the TQM with the CMA and BNP.

Objectives of the Research

The aim of this research is to find the means to enhance the TQM implementation in hospitals. To accomplish this aim, following specific objectives have been identified.

1. To understand the concepts, rationale and the relevance of TQM in health care entities.
2. To identify the dimensions which constitute TQM practices, Competitive Advantage (CMA) in business, and Business Performance (BNP).
3. To establish the interrelationships between the dimensions of the above constructs in the form of a hypothetical model.
4. To empirically investigate the significance of interrelationships between these constructs.
5. To make suggestions and recommendations to the strategic managers in the hospitals to improve upon the TQM implementation based on the empirical findings..

Variables for the Study

1. Total Quality Management Practices (TQM)
2. This is a construct with eight dimensions:Top management leadership (TML)
3. Customer management (CMT) Supplier quality management (SQM)
4. Continuous improvement (CNI)
5. People Management (PMT)
6. Process management (PRM)
7. Quality information management (QIM)
8. Organizational learning (ORL).

LiteratureReview

Mehra, Hoffman and Sirias (2001) recognized five elements that have been regarded as important found in TQM execution. This include: recruiting (HRs), management framework, quality tools, provider support, and client orientation. After summarizing the literature on TQM, Mehra et al. (2001) figured the organizational emphasis in potential will shift towards

following four primary areas for top quality improvement: (1) consumer focus; (2) procedure focus; (3) development focus; and (4) environmental focus. Therefore, it really is plausible that customer-centric businesses such as for example hospitals where in fact the patient treatment is the priority want catalytic brokers like TQM to improve customer concentrate and business overall performance.

Yang (2006) discovered that TQM methods including quality administration, process supervision,employee teamwork and empowerment,clientsatisfaction management, quality goal setting techniques and measurement, supplier's cooperation and level of quality tools teaching have results on client satisfaction and that the adoption of TQM concepts is an efficient means where organizations may gain competitive benefit. The execution of the TQM procedures also helped companies to boost their picture, employee's satisfaction and top-quality awareness.

Nwabueze, (2014) Discovered that it's the networking between your dealer and receiver decides thequality of the merchandise and service.

Brah, Tee and Rao(2002) Discovered that behavioural elements such as for example Top control leadership, Customer emphasis, Recruiting focus, and Top quality focus impact the performance.

Laszlo (1997) Discovered that process predicated on cost evaluation is an easy solution to obtain and keep maintaining management authorization of an excellent improvement initiative. Also demonstrated that quality advancement is usually a fiscally accountable method to serve the business, instead of simply complying with a couple of external regulations.

Research Methodology

Data Collection Procedure

The process for the carrying out the survey is one of the important steps in the research procedures and it comes after the survey has been designed. The researcher administrated two types of questionnaire one is for the top management and another is for general employees to the actual situation of TQM implementation.

Sample Design

Universe of the study

The study has been conducted in Hospitals in Thiruvananthapuram District.

Sample frame

Sample frame or source list is the frame from which the sample is drawn for the study. It represents the whole population. Here the sample includes the employees of Hospitals in Thiruvananthapuram district.

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Sampling size

The sample size collected for the study is 60

Sampling technique

The simple random sampling method was used for the primary data collection. Simple random sampling is the basic sampling technique where we select a group of subjects (a sample) for study from a larger group (a population). Each individual is chosen entirely by chance and each member of the population has an equal chance of being included in the sample. Every possible sample of given has the chance of selection; i.e. each member of the population is equally to be chosen in the sampling process.

Analysis

The majority of the respondents are female (60.4%) in this research.

Age wise, 37.2% of the respondents are in the age group of 35-45 years followed by the age group of 25-35 years (38%).

As regards the Educational qualification, the majority of the respondents are either Graduates or Post-graduates (37.5% and 36.2% respectively).

The salary details of the respondents, 23.6% are drawing a monthly salary of less than Rs.20,000.While(40.3 %) of them drawing monthly salary of Rs. 20,000/- to 30,000/- Moreover, (17.4%) of the respondents are drawing monthly salary of Rs. 30,000/- to Rs. 40,000/- and (10.2%) are drawing salary of Rs. 40,000/- to Rs. 50,000/-. A very small percentage of respondents are in the salary range above Rs. 50,000/- (8.5%).

In terms of experience in hospital, almost equal majority are in the group of 2 to 5 years (44.9%) and 5 to 10 years (23.6%) which is followed by respondents having experience less than 2 years (24.3%) and very small number have experience more than 10 years (7.2%).

Customer Management (CMT)

As regards the CMTprevailing in the selected hospitals, (53.2%) of the respondents perceive that it is 'good' in their facility while (19.2%) of them perceive that CMT in their facility is 'very good'. And (23%) of them feel that CMT is only 'average'. A very small number of respondents feel that CMT practices are poor (3.5%) and some very small number of respondents (1.1%) feel it to be 'bad'

Supplier Quality Management (SQM)

The majority of the respondents (54.3 %) perceive SQM as 'good' in their entities while a good number of respondents have expressed that SQM is 'very good' (17.7%). And (26.0%) of the respondents have rated SQM as average in their facilities. Very small number of respondents (1.6%) have perceived this dimension to be 'poor' and (0.4%) of them feel it is bad

Continuous Improvement (CNI)

The majority of the respondents (44.3 %) in the study perceive CNI as 'good' in their facilities and a good number of them (17.4%) have expressed that CNI is 'very good' A large number (31.7%). has rated this dimension as 'average' Small number of respondents (5.9%) have perceived this dimension to be 'poor' and negligibly small number (0.7%) feel it is bad

People Management (PMT)

As regards the PMT prevailing in the selected hospitals, (32.4 %) of the respondents perceive that it is 'good' in their facilities while (23.3%) of them perceive it to be 'very good' Slightly over a quarter of the respondents (27.8%) have rated this dimension to be 'average' Small number of respondents (10.2%) have perceived this dimension to be 'poor' and negligibly small number feel it is bad (6.3%)

Process Management (PRM)

The majority of the respondents (43.9 %) in the study have a perception on PRM as 'good' and good numbers of respondents have it as 'very good' (16.8%). A sizable number of the respondents have rated this dimension to be 'average' (30.1%). Small number of respondents (8.8%) has perceived this dimension to be 'poor' and negligibly small number (0.4%) feel it is bad.

Quality Information Management (QIM)

The majorityof the respondents have a perception on QIM as 'good' (55.0 %) in their hospitals and good number of them (5.2%) have it as 'very good' And (34.4%) of the respondents have rated this dimension to be 'average'. Small number of respondents(4.9%) have perceived this dimension to be 'poor' and (0.5%) of the respondents feel it is bad

Organizational Learning (ORL)

As regards the Organizational Learning, the majority of the respondents (45.1 %) perceive it to be 'good' and (10.5%) of them perceive it as 'very good'. And (36.3%) of the respondents have rated this dimension to be 'average' Small number of respondents have perceived this dimension to be 'poor' (7.2%) and negligibly small number (0.9%) feel it is bad

Product Differentiation (PRD)

The majority (48.5 %) of the respondents have a perception on PRD as 'good' and a good number of respondents (14.7%) have it as 'very good' And 32.2% of the respondents have rated this dimension to be 'average'. Small number of respondents (3.9%) have perceived this dimension to be 'poor' and only (0.7%) feel it is bad

Cost Leadership (CSL)

As regards the CSL, the majority (49.3 %) of the respondents perceive it as 'good' and a good number of respondents (18.8%) have it as 'very good'. And 28.7% of the respondents have rated this dimension to be 'average'. Small number of respondents (3.1%) have perceived this dimension to be 'poor' and negligibly small number (0.1%) feel it is bad

Operational Performance (OPP)

The majority (49.2 %) of the respondents have a perception on OPP as 'good' and good number of respondents (22.5%) have it as 'very good' and 24.7% of the respondents have rated this dimension to be 'average'. Small number of respondents (3.4%) have perceived this dimension to be 'poor' and negligibly small number (0.2%) feel it is bad

Hypothesis Testing - Influence of TQM on PRD - Correlation Analysis

Null hypothesis: There is no association between **TQM practices on product differentiation (PRD).**

Alternative hypothesis: There is association between **TQM practices on product differentiation (PRD)**

Pearson correlation	0.833
P-value	0.04
Alpha value	0.05

Analysis

From the above correlation matrix correlation between TQM practices on product differentiation (PRD) are positively correlated and the p-value less than the alpha value so the correlation is significantand alsoRegression analysis has been performed using the IBM 19 SPSSsoftware and the results indicate that there is a significant influence of TQMdimensions on PRD (Sig. <0.05). Thus the null hypothesis isrejected and it is concluded that TQM dimensions do have a significantinfluence on Product Differentiation (PRD).

Influence of TQM on CSL

Null hypothesis: There is no association between **TQM practices on cost leadership (CSL).**

Alternative hypothesis: There is association between **TQM practices on cost leadership (CSL).**

Pearson correlation	0.833
P-value	0.04
Alpha value	0.05

Analysis

From the above correlation matrix correlation between TQM practices on cost leadership (CSL)are positively correlated and the p-value less than the alpha value so the correlation is significantand alsothe results indicate that there is a significant influence of TQM dimensions on CSL (Sig. <0.05). Thus, the null hypothesis is rejected and it is concluded that TQM dimensions do have a significant influence on Cost Leadership (CSL).).

Influence of TQM on OPP

Null hypothesis: There is no association between **TQM practices on operational performance (OPP). (CSL).**

Alternative hypothesis: There is association between **TQM practices on operational performance (OPP). (CSL)**

Pearson correlation	0.833
P-value	0.04
Alpha value	0.05

Analysis

From the above correlation matrix correlation between TQM practices on operational performance (OPP)are positively correlated and the p-value less than the alpha value so the correlation is significant.The results indicate that there is a significant influence of TQM dimensions on FNP (Sig. <0.05). Thus, the null hypothesis is rejected and it is concluded that TQM dimensions do have a significant influence on financial performance (FNP).

Influence of TQM on FNP

Null hypothesis: There is no association between **TQM practices on financial performance (FNP).**

Alternative hypothesis: There is association between **TQM practices on financial performance (FNP)**

Pearson correlation	0.833
P-value	0.04
Alpha value	0.05

Analysis

From the above correlation matrix correlation between TQM practices on financial performance (FNP)are positively correlated and the p-value more less than the alpha value so the correlation is significant.The results indicate that there is a significant influence of TQM dimensions on FNP (Sig. <0.05). Thus, the null hypothesis is rejected and it is concluded that TQM dimensions do have a significant influence on financial performance (FNP).

Influence of TQM on NFP

Null hypothesis: There is no association between **TQM practices on non-financial performance (NFP)**

Alternative hypothesis: There is association between **TQM practices on non-financial performance (NFP)**

Pearson correlation	0.833
P-value	0.04
Alpha value	0.05

Analysis

From the above correlation matrix correlation between TQM practices on non-financial performance (NFP)are positively correlated and the p-value more less than the alpha value so the correlation is significant .The results indicate that there is a significant influence of TQM dimensions on NFP (Sig. <0.05). Thus, the null hypothesis is rejected and it is concluded that TQM dimensions do have a significant influence on non-financial performance (NFP).

Findings

The finding through the hypothesis testing was that on the overallbasis TQM had a significant influence and its association on Product Differentiation(PRD). Dimension-wise, Top Management Leadership (TML),Supplier Quality Management (SQM), Continuous improvement(CNI), Process Management (PRM), Quality of InformationManagement (QIM), and Organizational Learning (ORL) influencedthe PRD. Creating a product differentiation involves a lot ofcreativity and innovation on the part of the employees and it isimpossible unless the TML is supportive. This is because, first of allthe organization has to develop its intellectual property, and then, theorganizational environment should be congenial to risk taking so thatnewer products/services can be tried by the employees fearlessly. TheSQM also has a bearing on PRD as unless the suppliers innovate withthe newer materials little can be done on product/ servicedifferentiation. Continuous Improvement (CNI) can also be used as astrategy to create better and more efficient products in the hospitals.Since Hospital is a process-oriented business organization unless theprocesses of

admission of the patient to the discharge after recoveryare designed in such a way so as to provide maximum comfort to thepatient at minimum cost, success and sustainability is farfetched. Tobe distinctly different from the rest of the hospitals, the processesshould be well-managed and well differentiated from the rest in thetrade. Thus, PRD is influenced by the PRM in the hospitals. Intoday's information driven world the edge in business is based on thequality information and better the quality information managementthe better will be the scope for PRD and thus they have been linked.Finally, unless ORL is supported it is not possible to have PRD. Theentire organization should transform itself into a learningorganization where the knowledge acquired by the employees while dealing with the service encounter is saved in the central repositoryand is made available to the future use of the employees and thispractice need to be continued on a long term basis as the neweremployees replace the older ones. It is this collective knowledge ofthe employees can lead to PRD and thus the ORL and PRD are linkedthrough the hypothesis testing.

SUGGESTIONS

1. Management should be supportive to shared vision and team learning and permit the QSC to create a knowledge culture so as to create, identify, generate, assimilate, validate, store, disseminate, and apply knowledge for the realization of the vision and mission of the hospital.
2. Management permit the systemic approach in the organization and the people-based approach should be discouraged. Robust systems and practices must be generated which run with little or no interference of people wherever applicable. There is no doubt about the fact that in a knowledge intensive service sector like hospital people are indispensable but, the right systems must be in place so that people failure should not cause damage to the smooth functioning of the hospital
3. In a hospital which is looking forward for being unique in terms of its product and service offerings,TQM should also support innovation.
4. The hospital must establish Knowledge Management Systems (KMS) which can store the knowledge related to the patient care so that the service providers know where the knowledge is available when a problem is encountered. The central repository of the KMS should constantly be updated so that the latest knowledge in the field is available to the employees. There should be mechanisms to transform the tacitknowledge (knowledge based on intuition, hunch, gut feeling etc., developed through experience and training) into explicit knowledge (knowledge that can be codified). The KMS will provide the infrastructure to transform the organization into a learning organization

CONCLUSION

In this research the main goal was to recognize the problems and challenges in TQM implementation in hospitals in Indian context. From the results of today's study it may be figured Personal Sector Hospitals had better TQM execution tactics than their General public sector counterparts as indicated through the dimensional perception of the workers for all your dimensions except Persons Management where both sectors were equivalent. Appropriately, the Competitive Benefit and Business Overall performance of the Exclusive sector hospitals had been greater than that of the general public sector hospitals. Through regression evaluation it may be figured TQM experienced a significance impact on both getting of CMA and improvement in BNP. This necessitated the use of second era statistical research through Structural Equation Modeling (SEM) applying Partial Least Square Technique (PLSM) to get the outcomes of need for association of the sizes of exogenous and endogenous variables. This resulted in the advancement of relationships between your measurements of TQM and the ones of CMA and BNP. Using these associations, a model originated for the execution of TQM in hospitals that may give a framework to the plan makers to put into action TQM which includes the opportunity to encourage the attaining of the competitive benefit on the market and improve the business performance.

The qualitative analysis also resulted in some insight gaining conclusions. Through the qualitative queries asked in the questionnaire study and in addition through the semi organized interviews, specific recommendations were acquired from the respondents, that have been found in the implications of the analysis directed to the strategic managers in the hospitals and in addition in the unit development. The down sides encountered by the staff in the execution of TQM and the difficulties to make TQM effective were likewise obtained. It may be clearly figured successful TQM gets the potential to truly have a significant positive effect on CMA and BNP, nevertheless, the implementation isn't easy because of the complicated operating setting of the hospitals as well as the heterogeneous combination of employees (medical and the nonclinical employees) employed in these hospitals. Right here lies the importance of the TQM style created in this study. The Model may be used by both hospitals that have currently applied TQM to good tune their TQM sizes and the hospitals which are preparing to put into practice the TQM since it provides an obvious realizing about the measurements which have to be regarded as through the TQM implementation.

Thus this analysis had centered on the TQM execution issues and also it's bearing about the gaining of competitive edge through TQM and increasing the business enterprise performance. And through the extensive research, the researcher will be able to appreciate the fantastic relevance of TQM operating sector, in the Hospitals especially. She actually is convinced to the fact that if systematically applied TQM effects in the improvement of business overall performance and assists the concerned health care entities to get competitive

 ISSN : 2230-8431

advantage running a business. Therefore, it could be figured TQM is essential for health care entities to make sure continuous improvement and enable them to the dizzy heights. And therefore the model produced in this exploration may be used to guide its successful implementation.

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Published in 1999 Pages 175 Hardbound Price Rs. 200

AN ANALYSIS OF THE NSE SECTORAL INDICES IN INDIAN STOCK MARKET

***Renu Sree S**

Abstract

Diversification of portfolio is one of the common strategies used for risk reduction. The common motto put forth by portfolio management - 'Don't put all eggs in one basket' seeks investors to diversify their funds across various avenues for achieving the goal of risk reduction. A way of reducing risk is to diversify investments across these independent industrial sectors. The risks associated with different industries in an economy are different. It depends upon the performance of companies included in that industry and the prospects of that industry as a whole. For identifying the return and risk performances of various sectors and their relationship, this study was conducted. Secondary data required for the study were collected from the website of NSE India for a period of 10 years from 2009-2019 relating to NSE Nifty and its sectoral indices. From the analysis, it was found out that FMCG, Bank and IT sectors were the sectors providing maximum returns to the investors during the last 10 years. Realty, Metal and Infrastructure sectors were found to be the most risky and volatile sectors. As far as market correlation is considered, Banking, FMCG and IT Sector are found to have a strong positive correlation with the market index NSE Nifty, therefore these sectors can be invested upon judiciously based on the prediction of market movements.

Key words:- Sectoral Indices, NSE Nifty, Indian Stock Market, Risk- return, diversification Correlation.

Investors are in pursuit of a portfolio which gives them maximum returns at minimal risk. They expect to make maximum value from every investment they make. But it is the risk factor underlying for every investment that makes investors compromise with the returns. Therefore, investors try to create optimal portfolio of investment by adopting certain strategies that helps them to reduce risk to the minimal level possible and earn considerable return for it. Diversification of portfolio is one of the common strategies used for risk reduction. 'Don't put all eggs in one basket' is a common motto put forth for portfolio management seeking investors to diversify

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 ISSN : 2230-8431

their funds across various avenues. It can be through investment in different classes of physical and financial assets; or in different instrument like equity and preference shares, debentures, bonds, mutual fund units, derivatives, ETFs and so on. Another way of reducing risk is to diversify investments across various sectors of industrial sectors. The risks associated with different industries are different. It depends upon the performance of companies included in that industry and the prospects of that industry as a whole. Market risk is something that cannot be eliminated completely in stock market investments, but there are different strategies for reducing the level of risks. But through diversification, the unsystematic risk can be eliminated. Therefore a thorough analysis of the various industrial sectors and rational and timely decisions could help investors to create a optimal portfolio.

Portfolios created based on industrial sectors that are not dependent on each other are likely to generate more value and also eliminate a major portion of the risk involved. Thus the ultimate aim of every investor is to build an efficient portfolio based on the different industrial sectors in the economy. To achieve this, it is important to analyse the risk- return generated by the various industrial sectors and also the correlation among these sectors and with the market.

Review of Literature

This section deals with some of the studies that were reviewed for identifying the research gap for the study:

Ali(2007) proposed a new model for portfolio optimisation that takes into consideration both risk downside deviations and a better investment opportunity upside deviations. The proposed model assumes that an investor wants to choose a portfolio with higher upside deviations and lower downside deviations. The results of the analysis showed that the portfolios of the proposed model are riskier but generate higher returns. So this model can be useful for investors whose investment evaluation mostly depends on return.

A study was conducted by Sinha(2007) to cover the reasons of the pre- post budget on the volatility of Nifty. The volatility of sectoral indices had huge variations. The reasons for increased volatility in Nifty are movement in new economy stocks like Information, communication and entertainment(ICE), Technology, media and telecom (TMT), FII inflows and outflows, day trading, arbitrage process and the like.

Rajalakshmi and Priyanka (2008) examined whether unsystematic risk declines with diversification. Based on the analysis it is found that diversification as a tool unsystematic risk can be minimized. As per the investor's risk appetite portfolio can be constructed. Diversification which is much talked about but seldom practiced can be the right tool for any investor. So all investors, in order to counter unsystematic risk are suggested to vaccinate their portfolios through diversification.

Raj Kumar and Gupta (2009) examined the volatility in the individual

stocks listed at NSE using daily closing prices of 29 selected companies. The study revealed that ACC, HDFC, ITC, MTNL, SBIN and SIEMENS have been comparatively less volatile than other securities. On the other hand, the securities viz. BAJAJAUTO, DRREDDY, GLAXO, GRASIM, HDFCBANK, INFOSYSTCH, M&M, ONGC, TATAPOWER and VSNL were highly volatile during the period of study.

Ramakrishna (2010) compared the performance of stocks with performance of market and also carried out industry wise comparison of unsystematic risk. It measured the relation among the stocks that belong to the same industry as well as with the market index. The study revealed that the longer the stock is held, the better the returns. Another important finding is that significant positive correlation is found among the stocks and the market index i.e. stocks are moving in tandem with the market. Based on this, investors are advised to design a portfolio in which equilibrium is maintained among high and weak correlation stocks.

Suqaier and Ziyud (2011) tested the benefits that might be obtained from diversification, through risk reduction, by formulating simulated portfolios of different sizes, constructed from securities listed at Amman Stock Exchange (ASE). The results obtained emphasized the role of diversification in ASE, and advocated that investors can eliminate great part of risk by diversifying among different stocks holding. In addition, holding 15-16 stocks are required to capture most of the benefits associated with diversification. The results assured the existence of a significant statistical relationship between portfolio size and the risk reduction

Dhandapani, K. and Upadhyayula, R. (2015) examined the impact of diversification on small and medium sized firms. The results showed that related diversification across specializations and industry impact performance differently across different firm sizes.

Bashar and Shaown(2017) measured the performance of portfolios formulated from selected banks in Bangladesh. The study revealed that the risk in investment can be reduced significantly by diversifying and constructing portfolios based on the stocks that are less positively correlated in the banking sector.

Warne and Suman(2017) studied market integration between Indian and other world Stock markets which aimed to help portfolio diversification of international investors. The study showed a positive correlation between Indian and Singapore stock market and also highlighted that there is no long run relationship of Indian Stock market with other stock markets across the world.

Sudhakar and Viswanadh(2018) analysed the risk return and tried to develop a volatility model of Indian Stock market. It was found out that Auto, Bank and IT sectors have provided more returns whereas energy sector provided medium returns to the investors. Volatility was influenced heavily by negative news in the market

From the studies reviewed, a study on risk- return analysis based on sectors seemed to be an important one to

 ISSN : 2230-8431

develop strategy for risk reduction which will later on help in inducing more investments into the economy.

Statement of the Problem

Investment in stock market is considered to be one of the most favoured avenues, but the difficulty in selecting the optimal portfolio makes it a risky one. Different people have different attitude towards stock market investment because of the unpredictable nature, ever fluctuating prices, market scams, etc. In the current scenario, less than three per cent of population are ready to invest in stock market in India. There are many issues and reasons for the changing behaviour of investors and lowering the level of investment- risk aversion being one of the major factors. Therefore Investors are always in search of strategies to reduce this risk, so that they can reap maximum returns from the market. Sector wise investment can be considered as one of the strategies used for systematic risk diversification. A proper analysis can help in analysing the relevance of sector wise investment in creating an optimal portfolio. Through this study, an attempt has been made to analyse the risk return performance of major sectoral indices and also to identify the correlation of market index with various sectors.

Significance of the Study

India, being a rapidly growing economy, its stock market is considered to be one of the most promising investment avenues. Although investments in stock is risky in nature, it turns out to be profitable if the investment decisions are made with due diligences. An optimal portfolio of investment is considered to be one which earns maximum returns at minimal risk. If investment in stock market is made wisely after considering various strategies, then investors could reap high returns from the avenue. Therefore the purpose of the study is to analyse the risk return performance of sectoral indices and also to identify the correlation of market index with various sectors.

Objectives of the Study

The major objectives of the study are:-

1. To analyse the risk return performances of various sectoral indices of NSE India
2. To find out the correlation of NSE Nifty with other sectoral indices and amongst sectors

Scope of the Study

The purpose of the study was to analyse the risk return performances of various NSE Sectoral Indices and also to identify the correlation of market index with various sectors. The market index considered for the study was NSE Nifty 50. And the NSE Sectoral indices namely Automobile, Banking, Energy, FMCG, Infrastructure, IT, Media, Metal, Pharmaceuticals, Realty were used to analyse the performance of industrial sectors.

Methodology – Data Collection and Analysis

For the study, daily stock market rates of ten sectoral indices and NSE Nifty 50 were taken for a period of ten years from August 2009- August 2019. The secondary data were collected from

website of NSE. The daily returns were estimated using the natural logarithm with the following formula:

$R_i = \ln(P_i) - \ln(P_i-1)$; where ln is the natural logarithm, R_i is the return from the index, P_i is the index quote and 'i' is the daily time interval

From the daily returns so computed, mean and standard deviation were computed for each of the sectoral indices, as the measures of return and risk respectively.

For analysing the performance of the sectoral indices, the following measures of risk adjusted returns were used - Sharpe ratio($(R_p - R_f)/\sigma$), Treynor ratio($(R_p - R_f)/\beta$) and Jensen's alpha($R_p - R_f + \beta(R_m - R_f)$) where R_p is the portfolio return, R_f is the risk free rate of return, R_m is the market return, β is the beta value and σ is the standard deviation.

The risk free rate of return was considered to be the average rate of return for the India 10 year bond. Pearson's correlation coefficient was used for finding correlation among sectors and with market index.

Risk - return Analysis of Sectoral Indices

The decisions relating to investment primarily depends upon the level of return and risk associated with the avenues. The risk return analysis measured in terms of mean and standard deviation are shown in Table no.1

The analysis of the daily data relating to sectoral indices indicated that the sector yielding the maximum during the last 10 years is FMCG with a monthly mean return of 0.06 and an annual return of 23.35 per cent. This is closely followed by banking sector and IT sector. The sectors that have outperformed the market returns of 13.55 per cent are FMCG, Bank, IT, Pharma and Auto. All the other sectors have earned fewer returns than the

Table 1

Risk- return analysis of sectors

Sector	Mean return(daily)	Mean return(annual)	Std. Dev.	Min	Max
Auto	0.0394	15.461	1.235	-7.534	5.808
Energy	0.0202	7.634	1.208	-8.677	5.323
Infra	-0.0078	-2.806	1.265	-7.339	7.241
Realty	-0.0279	-9.685	2.126	-12.335	9.739
Pharma	0.0415	16.356	1.103	-7.241	5.088
Metal	-0.0204	-7.182	1.639	-7.306	9.387
Media	0.0181	6.831	1.416	-17.882	8.042
IT	0.0514	20.648	1.249	-12.490	8.922
FMCG	0.0575	23.348	1.047	-6.969	5.243
Bank	0.0537	21.637	1.384	-7.146	9.037
NSE Nifty	0.0348	13.545	0.984	-6.097	3.738

Source- computed data

 ISSN : 2230-8431

market. The sectors incurring negative returns are realty, metal and infrastructure. (Table No.1).

The analysis also showed that the most risky sector for investment based on standard deviation was realty sector with a value of 2.126 which was followed by Metals and banking sector. The least risky sectors were FMCG and Pharma sector. But the standard deviation of all the sectors exceeded the market risk of 0.984 indicating that fluctuations in all the sectors are more than that of the market (Table no. 1). The year wise analyses of returns of the sectors are shown in table no.2.

The analysis was also done to find out the beta values of various sectoral indices. It was found out that Infra, Realty, Metal and Bank sectoral indices were more

Table 2

Year wise returns of NSE Sectoral indices

Sector / Year	Auto	Energy	Infra	Realty	Pharma	Metal	Media	IT	FMCG	Bank
2009	108.61	29.80	-12.13	-15.88	185.77		121.73	192.27	14.43	85.89
2010	54.18	5.02	-5.76	-34.78	54.94		6.19	44.17	47.11	47.16
2011	-27.29	-39.39	-51.33	-65.75	-14.44	-74.67	-45.03	-25.49	12.93	-43.98
2012	67.26	20.62	32.96	85.00	49.50	26.70	95.56	-2.69	77.68	91.77
2013	14.03	0.62	-6.02	-45.96	40.94	-20.13	2.19	94.84	18.27	-12.49
2014	95.66	13.04	35.79	15.35	71.43	10.67	53.21	27.83	28.44	110.53
2015	-0.47	-0.97	-12.83	-21.30	13.92	-42.54	15.52	-0.05	0.49	-13.92
2016	16.28	30.36	-3.02	-6.14	-20.23	73.44	-1.25	-10.53	4.14	11.15
2017	49.39	61.84	53.99	197.11	-9.14	78.95	51.60	18.42	46.07	64.90
2018	-32.29	0.89	-18.27	-44.85	-11.37	-28.11	-35.95	37.22	20.90	9.56
2019	-54.63	2.88	-7.70	43.63	-25.95	-43.03	-45.74	19.69	-13.16	15.93
Total	15.46	7.63	-2.81	-9.68	16.36	-7.18	6.83	20.65	23.35	21.64

Source- computed data

Table 3

Beta and alpha coefficients of sectoral indices

Sectoral index	Alpha	Beta β	se_alpha	se_beta
Auto	0.005	0.996	0.015	0.015
Energy	-0.014	0.964	0.015	0.015
Infra	-0.044	1.084	0.014	0.014
Realty	-0.070	1.539	0.030	0.030
Pharma	0.013	0.589	0.019	0.019
Metal	-0.058	1.261	0.025	0.027
Media	-0.014	0.826	0.023	0.024
IT	0.021	0.682	0.021	0.022
FMCG	0.028	0.659	0.017	0.017
Bank	0.016	1.236	0.013	0.014

Source- computed data

volatile than the market as it exceeded the market beta value of 1. The FMCG, IT , Bank, Pharma and Auto sectors have outperformed the market based on the alpha coefficients which are positive(Table no.3).

The evaluation of the sectoral indices based on Sharpe ratio, Treynor ratio and Jensen's Alpha are shown in Table no.4. It indicates that Based on the Sharpe ratio which measures the excess returns per unit of total risk, FMCG sectors has given the highest risk- adjusted returns over the period of past 10 years. It was followed by IT and Banking sector. The worst performing sectors based on Sharpe ratio were Metal, Infra and Realty sector.

Based on the Treynor ratio which measures the rewards per unit of volatility, similar results as of Sharpe ratio has been found out. It also suggests that in terms of volatility adjusted returns, FMCG, IT and Bank are the top performing sectors whereas Metal, Realty and Infra sector have performed the worst(Table no.4). Based on Jensen's alpha, which signifies the excess returns earned, realty sector is shown to have the maximum excess returns, followed by FMCG and IT. And the least performing sectors were Energy and media sector(Table no.4)

NSE Nifty and Sectoral Indices – Pearson's Correlation

NSE Nifty is one of the major indices that represents the entire market and is considered to be the economic barometer of Indian Stock market. In table 5, correlation coefficients to NSE Nifty with the major sectoral indices of NSE are shown. Data for a period of ten years were taken for computing the correlation.

From Table 5, it is evident that banking sector has the highest correlation coefficient of 0.99 which indicates that the sector is moving almost identical to the market index. FMCG, IT sector and automobile sector also has high positive correlation with NSE Nifty. Whereas Real

Table 4

Performance evaluation of sectors

Measure / Sector	Sharpe	Treynor	Jensen alpha
Auto	6.503	8.064	0.031
Energy	-0.038	-0.047	-0.004
Infra	-8.344	-9.734	0.892
Realty	-8.146	-11.254	9.400
Pharma	8.131	15.214	3.529
Metal	-9.074	-11.795	3.898
Media	-0.611	-1.047	-0.162
IT	10.792	19.764	4.097
FMCG	15.611	24.799	5.312
Bank	10.495	11.758	-3.271

Source- computed data

Table 5

Correlation between NSE Nifty and Sectors

	NIFTY	Auto	Energy	Infra	Realty	Pharma	Metal	Media	IT	FMCG	Bank
NIFTY	1										
Auto	.916**	1									
Energy	.857**	.661**	1								
Infra	.368**	.282**	.535**	1							
Realty	-.243**	-.362**	.153**	.688**	1						
Pharma	.709**	.831**	.269**	.028	-.620**	1					
Metal	.434**	.384**	.644**	.610**	.819**	-.223**	1				
Media	.850**	.948**	.666**	.401**	-.159**	.726**	.356**	1			
IT	.945**	.837**	.736**	.217**	-.384**	.766**	.207**	.729**	1		
FMCG	.956**	.904**	.751**	.116**	-.439**	.749**	.351**	.810**	.928**	1	
Bank	.992**	.890**	.883**	.373**	-.205**	.650**	.467**	.830**	.915**	.942**	1

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

Source – computed data

estate is the only sector that has a negative correlation with the market. Therefore real estate stocks move opposite to the market movements. In relation to other sectors, real estate has high degree of negative correlation with Pharmaceuticals sector. All sectors show strong level of correlation at a significance level of 1 per cent($p<0.01$). From amongst the sectors, there is high degree of positive correlation between Automobile with Media, FMCG and Bank, IT with FMCG and Bank, and FMCG with Bank.

The major findings of the study were the following:-

- The highest return providing sector was found to be FMCG with an annual return of 23.35 per cent. This is closely followed by banking sector and IT sector.
- The sectors that have outperformed the market returns of 13.55 per cent are FMCG, Bank, IT, Pharma and Auto. All the other sectors have earned fewer returns than the market.
- Realty, metal and infrastructure are the sectors which incurred negative returns
- The most risky sector for investment based on standard deviation was realty sector with a value of 2.126 which was followed by Metals and banking sector.
- The least risky sectors based on standard deviation were FMCG and Pharma sector.
- Based on the beta values, it was found out that Infra, Realty, Metal and Bank indices were more volatile than the market.
- The FMCG, IT , Bank, Pharma and Auto sectors have outperformed

the market based on the alpha coefficients.

- Based on the Sharpe ratio, the FMCG sector has given the highest risk- adjusted returns over the period of past 10 years. It was followed by IT and Banking sector. The worst performing sectors were Metal, Infra and Realty sector.
- Based on the Treynor ratio, FMCG, IT and Bank are the top performing sectors whereas Metal, Realty and Infra sector have performed the worst
- Based on Jensen's alpha, realty sector is shown to have the maximum excess returns, followed by FMCG and IT. And the least performing sectors were Energy and media sector
- Banking sector has the highest positive correlation coefficient with market index of 0.99.Followed by FMCG, IT and automobile sector. Therefore, investors can analyse the market movements and make safer investments in these sectors.
- Real estate is the only sector that has a negative correlation with the market. Therefore real estate stocks move opposite to the market movements. To make use of diversification benefits, the investors would have to invest more in securities bearing negative correlation which is mostly associated with realty sector
- Real Estate and Pharmaceuticals sector share the highest negative correlation coefficient of 0.62 indicating that these two move in the opposite direction.

Conclusion

Investment is always based upon return, risk, safety and liquidity criteria; the major factors being return and risk. While thinking about the stock investment, it is considered as one of the most favourable choice, but the difficulty in selecting the optimal portfolio makes it a risky one and therefore less preferred by Indian investors. This study was conducted to analyse the risk return performance of NSE Sectoral indices to identify the sectors that are performing well in the market and also analysing the correlation of market index with various sectors. Secondary data required for the study were collected from the website of NSE India for a period of 10 years from 2009-2019 relating to NSE Nifty and its sectoral indices. From the analysis, it was found out that FMCG, Bank and IT sectors were the sectors providing maximum returns to the investors during the last 10 years. Realty, Metal and Infrastructure sectors were found to be the most risky and volatile sectors. As far as market correlation is considered, Banking, FMCG and IT sector have the highest positive correlation with the market and real estate has a negative correlation. These factors can be considered while trying to predict future price movements of shares based on market movements. Realty sector was found to have the highest excess returns as per Jensen's alpha along with high level of risk associated and also it was the only sector having negative correlation.

Therefore investment in realty sector, though risky, helped investors earn excess returns. Analysis of risk and return will provide an indicator to the sectors where investors can put in their money judiciously.

Recommendations of the Study

Based on the findings of the study, the following recommendations are being made:

- FMCG, IT and Banking sectors were found to provide maximum returns to investors, based on mean, but it was the realty sector that gave the highest excess returns based on Jensen's measure, therefore a proper evaluation of the sectors would help the investors identify sectors that provide them returns exceeding their expectations.
- Banking sector and FMCG Sector were found to have a strong positive correlation with the market index NSE Nifty, therefore these sectors can be invested upon judiciously based on the prediction of market movements. Real estate has negative correlation. To create a balanced portfolio, investors can mix sectors with positive and negative correlation to mitigate the risks involved in market fluctuations.

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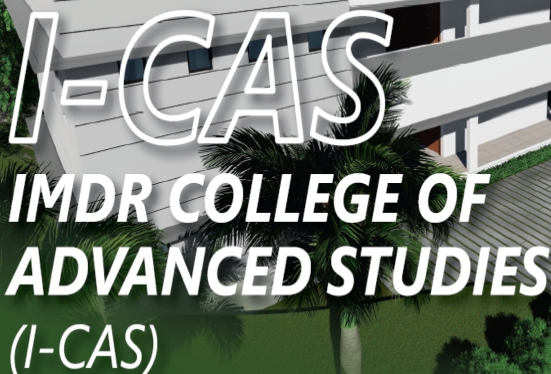

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