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Tecnia Institute of Advanced Studies

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To emerge as one of the world's leading institute through continuing to the highest academic standards, by developing strong industry-academia bond and playing a pioneering role in research and development, so as to serve society by way of shaping professionals to conquer the present and future challenges to the socio-economic fabric of our society by dissemination of relevant knowledge through structured learning system.

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As a temple of learning of professional & technical education, we subscribe to, in dealing with membership and the public include the following:- Integrity, honesty, openness, personal excellence, constructive self-criticism, continual self-improvement, mutual respect, professionalism, quality in service and standards, innovation, accountability, objectivity. We are committed to our students and corporate partners and have a passion for use of technology in education. We take on challenges, and pride ourselves on seeing them through. We hold ourselves accountable to our students, corporate collaborators, Board members, Statutory bodies, Alumni and employees by honoring our commitments, providing results, and striving for the highest quality excellence.

Tecnia Journal of Management Studies

From The Editor's Desk

I take this opportunity to thank all contributors and readers for making *Tecnia Journal of Management Studies* an astounding success. The interest of authors in sending their research-based articles for publication and overwhelming response received from the readers is duly acknowledged. I owe my heartfelt gratitude to all the management institutes for sending us their journals on mutual exchange basis, and their support to serve you better.

We are happy to launch the Twenty Fourth issue of our academic journal. The present issue incorporates the following articles:

❖ Cost and Returns of Arecanut Cultivation in Kerala

❖ Contemporary Status of CSR in India

❖ Buyer's Attitudinal Behavior & Purchase Intent with Emphasis on Cause Related Marketing- An Empirical Study

❖ Impact of Organizational Culture on Employee Turnover Intention in the ITes Sector

❖ A Study on Consumer Buying Behavior in Organized Fashion Retail Outlets – Impact of Color

❖ A Review of Literature on the impact of Make in India program on manufacturing sector's productivity

❖ Make in India - Exploring new horizons for sustainable Entrepreneurship

❖ Festering Issue of Bad Loans in Public Sector Banks: A Major Challenge for New India

❖ Predicting sectoral Loan Defaults in SMES at NBFCs Using Altman Z Score

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I extend my sincere thanks to our Chairman Dr. R. K. Gupta, who has always been a guiding light and prime inspiration to publish this journal. I am grateful for his continuous support and encouragement to bring out the Journal in a proper form. I also appreciate Editorial Committee Members for their assistance, advice and suggestion in shaping up the Journal. My sincere thanks to our distinguished reviewers and all team members of Tecnia family for their untiring efforts and support in bringing out this bi-annual Journal.

I am sure the issue will generate immense interest among corporate members, policy-makers, academicians and students.

Editor

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General Information

Cost and Returns of Arecanut Cultivation in Kerala

N. Karunakaran*

ABSTRACT: *Kerala's agriculture witnessed change in cropping pattern in favour of commercial crops. In this change, plantation crops increased considerably. In the state, arecanut is an important commercial crop which underwent significant increase in area and production due to area effect and yield effect. The input-wise cost of arecanut cultivation did not indicate any specific relation between the total cost of cultivation and size of farm. Average return per hectare of arecanut indicated inverse relation with the size of farm. Estimated costs and returns of arecanut cultivation considering various investment criteria revealed that this crop is profitable in Kerala. The study also pointed out that profitability is inversely related to size of arecanut farm.*

Key words: *Kerala; arecanut cultivation; cost of cultivation; yield; profitability.*

1. Introduction

Arecanutpalm grows in different climatic and soil conditions which is mainly cultivated in India, Bangladesh, Srilanka, Malaysia, Indonesia, Philippines and Myanmar. In India, among the arecanut growing states, Kerala, Karnataka and Assam account for 95 percentage of the total area and 90 percentage of the total production (Govt of Kerala, 2015).In Kerala, arecanut is cultivated in all districts. The proportion of area under arecanut in the state is very high when compared with other states (Jose and Jayasekhar, 2008). In terms of income, arecanut occupies an important place in the economy of Kerala (Karunakaran, 2013).

The land use pattern of Kerala shows that, in the state arecanut is a dominant crop. Itis mainly a small farmer's crop. More than 75 percentage of the arecanut holdings are of less than two hectare in size (Karunakaran, 2014). Any change in its cultivation either in terms of area, production or productivity would seriously affect the weaker sections of the agriculture population (Duggappa, 2013).The cost of production and returns from arecanut cultivation are very important for the sustainability of this crop (Bhalerao and Singh, 1985). The present paper, therefore, is an attempt to analyse the costs and returns of arecanut cultivation in Kerala.

2. Methodology and Materials

The study used both primary and secondary data. Primary data were collected from the arecanut growers of the state. The major sources of secondary data are the various published reports of the Government of Kerala and India. The time element in the calculation of costs, returns and profitability has been considered with the help of the following four investment criteria (Singh, Bhat and Vijayarajan, 1982) widely used in the project evaluation.

2.1. Pay Back Period (PBP)

The PBP is the number of years an investment project taken to recover costs from its returns. The PBP equals t*, where t* is the lowest value of t for which the following inequality holds:

$$\sum_{t=1}^{t*} Ct < \sum_{t=1}^{t*} Rt$$

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Where,

Rt = Return in Period t

Ct = Cost in Period t

2.2. Net Present Value (NPV)

The NPV on investment is the discounted value of all cash inflows, net of all cash outflows of the project during its life time. It can be computed as:

$$NPV = \sum_{t=1}^{T} \left(\frac{Rt-Ct}{(1+i)t} \right)$$

Where,

i = discounted rate

T = number of years

2.3. Internal Rate of Return (IRR)

The IRR is that discount rate at which the NPV is zero. The equation for its calculation is

$$\sum_{t=1}^{T} \left(\frac{Rt - Ct}{(1 + r)t} \right)$$

2.4. Benefit Cost Ratio (BCR)

The BCR of an investment is the ratio of the discounted value of all cash inflows to the discounted value of all outflows during the life of the project. It can be computed as

$$BCR = \frac{\sum_{t=1}^{T} \frac{Rt}{(1+i)t}}{\sum_{t=1}^{T} \frac{Ct}{(1+i)t}}$$

3. Results and Discussion

Arecanut cultivation is the chief economic activity of the people of Kerala and is a main source of income and employment. Therefore its further development is a real necessity. As long as cultivation is in the private sector, commercial farmer will continue the cultivation only if it is a gainful activity. The profit or loss of cultivation of a crop is the difference between the cost of various inputs used and the value of main product and the by product obtained from it. Therefore, an analysis of the costs and returns is very relevant for arecanut cultivation in the state.

In Kerala the area and production of arecanut is spread in almost all districts (Karunakaran, 2015). Table 1 shows that Malappuram ranks top in area under cultivation; whereas Kasaragod ranks top in the production of arecanut. The percentage of arecanut area and production is lowest in Thiruvananthapuram district. In 1960-61 the area under arecanut was 54.26 thousand hectare and it increased to 99.83 thousand hectare in 2010-11 (an increase of 83.98 percentages). In all the decades except 1970's, Kerala experienced significant increase in the area under arecanut cultivation. Between the periods 1960-61 and 2010-11, many of the northern districts and

Table 1: District wise area and production of arecanut in Kerala

Sl. No.	Districts	Area (in hectare)	Percentage to total	Production (in million nuts)	Percentage to total
1	Thiruvananthapuram	1077	1.08	579	0.51
2	Kollam	2297	2.30	1383	1.22
3	Pathanamthitta	1212	1.21	593	0.53
4	Kottayam	1917	1.92	1621	1.43
5	Alappuzha	1696	1.69	687	0.62
6	Ernakulam	5207	5.22	6395	5.66
7	Idukki	3451	3.46	3886	3.44
8	Trissur	7069	7.08	4687	4.15
9	Palakkad	7551	7.56	5231	4.64
10	Malappuram	17517	17.55	17550	15.54
11	Kozhikkode	12258	12.28	13373	11.84
12	Wayanad	12213	12.23	4627	4.09
13	Kannur	11262	11.28	10605	9.39
14	Kasaragod	15060	15.09	41701	36.94
15	State	99834	100.00	112918	100.00

Source: Economic Review (2015), State Planning Board, Govt. of Kerala, Thiruvananthapuram.

central districts observed percentage increase in the area and all the southern districts showed decrease in the area under arecanut cultivation.

The trend in area, production and productivity of arecanut in Kerala is shown in Table 2.

3.1. Cost of Arecanut cultivation in Kerala

The cost of arecanut cultivation in Kerala is estimated under three different concepts of cost. The result is presented in Table 3.

(1) COST A: The important items of Cost A are seed/seedlings, hired human labour, farm yard manure, chemical fertilizers, irrigation, depreciation, plant protection, interest on working capital and other expenses. Among the different cost components, hired human labour is the major component of

cost A and it accounts for 39.65 percentages, 40.15 percentages and 41.35 percentages of the total cost.

(2) COST B: It includes Cost A, rental value and interest on fixed capital. Table 3 indicates that the estimated cost B includes more than 92 percentage of the total cost.

(3) COST C: It is the totality of Cost B and family labour charges and is estimated by adding the imputed value of house hold labour to cost B. Table 3 gives the household labour charges for different size group estimated at the value of hired human labour. Table 3 reveals that the estimated family labour charge per hectare is highest among small farmers.

The estimated cost of arecanut cultivation under various cost concepts given in Table 3 indicated that

Table 2: Compound Growth Rates of Area, Production and Productivity of Arecanut in Kerala

Sl. No.	Item	1960s	1970s	1980s	1990s	2000s	Five Decades
1	Area					***	
		5.789	-4.849	0.065	2.529	1.436	0.691
2	Production	6.072	-2.633	1.269	25.775	5.025	5.575
3	Productivity	*					
		0.585	2.329	1.133	2.267	3.183	4.835
	*-Significant at probability level 0.01; ***-Significant at probability level 0.05*						
	Source: Karunakaran N (2015), Crop Diversification for Sustainable Agriculture, Pointer publishers, Jaipur, India: 105.						

Table 3: Input-wise Maintenance Cost of Arecanut cultivation in Kerala (Rupees per Hectare)

Sl. No.	Particulars	Size of arecanut farm		
		Small	**Medium**	**Large**
1	Seed/seedlings	1520 (3.56)	1464 (3.31)	1352 (2.93)
2	Hired Human Labour	16902 (39.65)	17757 (40.15)	19062 (41.35)
3	Farm yard manure	5832 (13.68)	6204 (14.03)	6840 (14.84)
4	Chemical Fertilizers	1592 (3.73)	1596 (3.61)	1612 (3.49)
5	Irrigation	2532 (5.94)	2792 (6.32)	2912 (6.32)
6	Depreciation	1280 (3.00)	1112 (2.52)	964 (2.10)
7	Plant Protection	1565 (3.67)	1785 (4.04)	1805 (3.92)
8	Interest On Working Capital	2380 (5.58)	2564 (5.79)	2792 (6.06)
9	Other Expenses	1244 (2.92)	1572 (3.55)	2004 (4.35)
Cost A		34847 (81.74)	36841 (83.33)	39343 (85.34)
10	Rental Value	1858 (4.36)	1852 (4.19)	1848 (4.00)
11	Interest On Fixed Capital	2532 (5.94)	2404 (5.44)	2476 (5.37)
Cost B		39237 (92.04)	41097 (92.96)	43667 (94.72)
12	Family Labour Charges	3393 (7.96)	3114 (7.04)	2436 (5.28)
Cost C		42630 (100.00)	44211 (100.00)	46103 (100.00)

Figure in brackets indicates percentage to total cost.

Source: Primary Data.

cost A, B and C exhibited positive relation with the size of arecanut farm. The proportion of total costs on hired human labour, farm yard manure, irrigation, chemical fertilizers, plant protection, interest on working capital and other expenses indicate positive relation with the size of farm; whereas proportion on total cost on seed/seedlings, depreciation, rental value, interest on fixed capital and family labour charges exhibited negative relationship with the size of farm.

Among the small farmers, hired human labour charges accounted for the highest share of the total cost followed by farm yard manure, rental value, family labour charges, irrigation and interest on fixed capital. In the case of medium farmers also hired human labour charges accounted for the highest share of the total cost followed by farm yard manure, rental value, irrigation, family labour charges and interest on working capital. The large farmer's hired human labour charges accounted for the highest share of the total cost followed by farm yard manure, rental value, irrigation costs, interest on working capital and interest on fixed capital.

3.2. Returns from Arecanut Farm in Kerala

The data presented in Table 4 indicated average returns from arecanut farms in Kerala and it shows that the size of farm is negatively related to yield per hectare. It is estimated that the average yield of arecanut per hectare is 17.50 quintals for small farm, 16.80 quintals for medium farm and 15.25 quintals for large farm.

Table 4: Returns from Arecanut Farm in Kerala

Sl. No.	Size of arecanut farm	Yield per Hectare (in Quintals)
1	Small	17.50
2	Medium	16.80
3	Large	15.25

Source: Primary Data.

3.3. Profitability of Arecanut Cultivation in Kerala

The time element in the calculation of costs and returns was worked out for evaluating the profitability of arecanut garden in Kerala. Since the gestation period for arecanut is much longer than that for other crops and its economic life is about 50 years, the age wise data on costs and returns were also worked out for computing the various measures of profitability. The net present value (NPV) and benefit cost ratio (BCR) are functions of discount rate and are negatively related to discount rate (Gopal and Arora, 1986). The discount rate used in the study is equal to the opportunity cost of capital and since the opportunity cost could vary from 8 to 15 percentages, these measures were calculated separately for two discount rates, viz, 12 and 14 percentages.

The four measures of profitability, viz, payback period (PBP), net present value (NPV), internal rate of return (IRR) and benefit cost ratio (BCR) were calculated and the result is given in Table 5.

Table 5: Measures of Profitability of Arecanut cultivation in Kerala

Particulars	Size of arecanut farm		
	Small	**Medium**	**Large**
PBP (in Years)	12.80 (I)	13.30 (II)	13.60 (III)
IRR (in percentage)	33.50 (II)	33.70 (I)	33.40 (III)
NPV (in Rupees)			
At 12 percentage	38204 (II)	47758 (I)	29992 (III)
At 14 percentage	21476 (II)	25696 (I)	19622 (III)
BCR (in percentage)			
At 12 percentage	1.88 (II)	1.96 (I)	1.48 (III)
At 14 percentage	1.50 (II)	1.52 (I)	1.42 (III)

Figures in bracket indicate rank.

The payback period obtained (13 years) is less than the maximum PBP (14 to 15 years) desired by the farmers. Hence according to the criteria of PBP, arecanut cultivation is profitable in the state. Results of Net Present Values (NPV) at 12 percentages and 14 percentages were positive and quiet high also indicates the profitability of arecanut cultivation. The Internal Rate of Return ranged from 33.40 percentages for large farmers to 33.70 percentages for medium farmers. It was much greater than the cost of borrowing capital, which ranged from 10 to 15 percentages, for borrowing from financial institutions in Kerala shows that arecanut cultivation is profitable. The benefit cost ratio at 12 percentage of discount rate ranged from 1.48 percentages in large farmers to 1.96 percentages in medium farmers. Even at a higher rate of discount of 14 percentages, the BCR ranged from 1.42 percentages in large farmers to 1.52 percentages in medium farmers. In all the size groups it was greater than unity. Hence, according to the criterion of BCR also arecanut cultivation is profitable.

4. Conclusion

Even in the 21st century, agriculture is the chief economic activity of the people of Kerala. The agricultural economy of the state has been showing signs of stagnation in few and most of its important sectors. One important feature of the agriculture

sector is that of change in cropping pattern, particularly in favour of commercial crops. In this change, plantation crops increased considerably.

Arecanut cultivation is one of the main economic activities of the state and is an important source of income and employment to the people. Therefore, an analysis of the costs and returns of this crop is a real necessity so as to measure the profitability. The analysis of the cost of cultivation of arecanut by size of farm did not indicate any specific relation between the total cost of cultivation and the size of farm. Average return per hectare of arecanut farm indicated inverse relation with the size of farm. Estimating costs and returns of arecanut cultivation in the state revealed that arecanut cultivation is profitable in Kerala. It is also seen that the profitability of arecanut crop is inversely related to the size of farm. This envisaged the implementation of proper measures and regulations on the part of the government for the effective development of arecanut crop in the state.

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Contemporary Status of CSR in India

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Abstract: The purpose of this article is to provide a general summary of the value propositions evident in the research on the business case for Corporate Social Responsibility (CSR). Over a last 30 to 40 years, there has been a steady increase in concern expressed about, and the information produced by small and large organizational set ups in relation to their social and environmental impacts. It has been very well understood by organizations that govt. alone will not be able to succeed in its endeavor to uplift the downtrodden society further compulsion of Corporate Social Responsibility (CSR) has filtered the myth that the ultimate goal is not profit making, rather trust building is viable and assert able with societal relationship and only long term survival mantra for any organization. This article tries to analyze the study of Corporate Social Responsibility (CSR) status in India, and it further provide an insight to what extent companies can follow the Corporate Social Responsibility (CSR).

Keywords: Corporate Social Responsibility (CSR) compulsion of CSR, Social & Environmental developments, Economic growth.

1. Introduction

The significance of CSR emerged considerably in the last decade and is becoming an increasingly important activity to businesses nationally and internationally. Over the time, CSR stretched to both social and economic interests and also broadened to cover social as well as economic interests. Companies now become more transparent in accounting and other activities due to pressure from the various interest groups of the society. It is mandatory for companies to behave in ethical and responsible manner towards the various interest groups of the society and environment. Companies started incorporating their CSR projects in their annual reports also.

CSR is the gateway for understanding a number of firm-related and societal issues and responding to them as per their business strategy. On the other hand, there is a universal and prominent view on protecting the environment and the various interest groups of the society. As globalization accelerates and large companies serve as global providers and have progressively recognized the benefits of providing CSR programs in their various locations. CSR activities are now being undertaken throughout the globe. Budding economies like India have also witnessed a number of firms actively engaged in CSR activities, and the Ministry of Corporate Affairs has also come up with guidelines for firms to follow.

In core it is all about structuring sustainable businesses, which require healthy economies, markets and communities. The key drivers for CSR are progressive self-interest, Social investment, transparency, trust and increased public expectations of business.

2. Objective

The main objectives of this study are to study the status of CSR in India and the issues and challenges faced by CSR in India.

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3. Research Methodology

This article is an attempt of exploratory research, based on the secondary data sourced from journals, magazines, articles and media reports. Looking into the objectives of the study the research design employed for the study is descriptive research design. This research design was adopted to have greater accuracy and in depth analysis of the research study. Secondary data have comprehensively used for the study. Information from different news articles, Books and Web sources are used which are recorded and enumerated.

4. Review of Literature

There are many obstacles which are emerging while considering successful CSR strategies in making a business case for CSR, intricacy in integrating CSR with organizational values and practices, the lack of organizational buy-in and assurance to CSR. Other factor which hinders CSR is the lack of time and financial resources to follow CSR practices are directly related to the above three. When an organization finds it difficult to make a business case for CSR or its association with core organizational operations, it will be averse to commit and allocate resources or time to such practices. Moreover, these obstacles also point to another set of findings in the report: respondents view CSR more so as a means to manage regulatory impacts, reduce risk, and respond to stakeholders concerns, and to a lesser extent as a strategic source of competitive advantage.

McWilliams (2002) states that, CSR strategies, when backed by political framework & strategies can be used to develop strong firm with long-term competitive benefits.

According to Baron (2001) the use of CSR to attract socially responsible consumers is referred to as strategic CSR, in the sense that firms provide a public good in conjunction with their marketing/business strategy.

5. Current Status of CSR in India

CSR – the corporate belief that a company needs to be responsible for its actions: socially, ethically, and environmentally. CSR has become the need of growing business. Businesses need to be practices their activities to earn a good image. Big corporate like Reliance Industries, Tata Group, Aditya Birla Group, The Coca Cola Company, and Indian Oil Corporation are involved in serving the community. These corporate are fulfilling their responsibilities towards the society.

Many other organizations have been doing their part for the society through donations and charity events. Today, CSR in India has gone beyond merely charity and donations, and is approached in a more organized fashion. It has become an integral part of the corporate strategy. Companies have CSR teams that devise specific policies, strategies and goals for their CSR programs and set aside budgets to support them. These programs, in many cases, are based on a clearly defined social philosophy or are closely aligned with the companies business expertise. Employees become the backbone of these initiatives and volunteer their time and contribute their skills, to implement them. CSR Programs could range from overall development of a community to supporting specific causes like education, environment, healthcare etc.

Best practices followed by Indian Companies related to CSR are as follows:

- **ONGC and Indian Oil Corporation** - ONGC and Indian Oil Corporation has been spending 0.75-1 % of their net profits on CSR activities. In 2007-08 Rs. 246.70 crores was spent by oil PSUs on CSR activities. ONGC s CSR projects focus on higher education, grant of scholarship and aid to deserving young pupils of less privileged sections of society, facilities for constructing schools etc.

- **SAIL -** SAIL has taken successful actions in environment conservation, health and medical care, education, women upliftment providing drinking water.

- **BHEL & Indian Airlines** - BHEL & Indian Airlines have been acclaimed for disaster management efforts. BHEL has also adopted 56 villages having nearly 80,000 inhabitants.

- The Coca Cola Company

- Coca Cola and NDTV engaged in "Support my school"

- The Coca-Cola Company Expands 5by20 Women's Economic Empowerment Initiative.

- Under this program, The Coca-Cola Company today announced strong progress toward its goal to enable the economic empowerment of 5 million women entrepreneurs across the Coca-Cola value chain by 2020. The initiative, known as 5by20, is expanding beyond its pilot programs in four countries to launch and scale programs across a total of 12 countries: Brazil, China, Costa Rica, Egypt, Haiti, India, Kenya, Mexico, Nigeria, the Philippines, South Africa and Thailand.

5by20 is on track to reach 300,000 women by the end of 2017.

By providing access to business skills, financial services, assets and support networks of peers and mentors, 5by20 is helping women succeed as entrepreneurs, while also creating thriving, sustainable communities.

- Coca-Cola Announces Long-Term Partnership with DEKA R&D To Help Bring Clean Water To Communities In Need.
- Coca-Cola India Partners With Rotary International Against Polio
- Coca-Cola Helps Improve Lives of African Women and Girls
- The Coca-Cola Company Joins (RED) to Help Eliminate AIDS
- **Reliance Industries** - Reliance Industries initiated a project named as " Project- Drishti" to bring back the eyesight of visually challenged Indians from the economically weaker sections of the society. This project has brightened up the lives of over 5000 people so far. Reliance Power in its continuous efforts to positively impact the society, especially the areas around its sites and offices, has formulated policies for social development that are based on the following guiding principles:

Adopt an approach that aims at achieving a greater balance between social development and economic development.

- Adopt new measures to accelerate and ensure the basic needs of all people.
- **Work towards elimination of all barriers for the social inclusion of disadvantaged groups-such as the poor and the disabled** - Give unfailing attention to children for in their hands lies the country's future. It is for their sake that health, education and environment get topmost priority in our programmes and investments.

Health - At its various project sites, Reliance Power sites runs medical facility center, physiotherapy center, and mobile medical vans that dispenses free medicines and provide free health check-ups. Also periodically we come up with health camps like general health check up camps, gynecology camps, eye check up camps and corrective surgery camps for disabled children.

Education - Reliance Power is involved in a surfeit of activities that have changed the lives of the people residing at the sites or the PAFs (Project Affected Families).Education is the main thrust of

these activities. Major contributions made in the area include building of a DAV school at the site for the children of the PAFs and the children of the villages around the sites, free school bus facility for the students, stipend to every child who attends school (a boy child gets Rs. 250 per month while a girl child gets a stipend of Rs. 300 per month), free uniforms, study tours for children, teaching aids to the teachers, training of teachers, as well as night schools for uneducated adults etc.

Employment - Reliance Power invests significantly in skill up gradation of people of local communities. The trained manpower available for construction will ensure quality and accident free working. CIDC, a Government of India initiative has been engaged and has trained about 300 project affected youths as electricians, welders, carpenters and masons and bar benders in batches of 40 each. To further encourage them we paid them, a monthly stipend of Rs.1000 per month. In addition efforts are on to enroll the oustees in short term courses at the ITI operating in the region. Apart from these, training is also provided are:

- Computer coaching centre
- English speaking classes
- Personality development classes
- Physiotherapy training center
- Training by NAC (National Academy of Construction) and use them for future
- For the women folk of the villages, in an effort to empower them the company trains them in soft skills like tailoring and poultry farming etc. Reliance Power provides assistance to women keen on starting their own businesses.

The Human Touch beyond policy imperatives - Although the main thrust of Reliance Power's CSR lies in providing quality education, health care and livelihood, we don't restrict ourselves to it. In order to better lives around our areas of interest and business, we strive to provide basic amenities like electrification in the villages, augmentation and development of roads connecting the village to the main roads, old age support for senior citizens of the project affect families, development of the grazing lands for the cattle of the villagers, a forestation and veterinary camps for domestic cattle. Moral and financial support is extended during social occasions like marriages, community prayers, funerals and other such occasions.

Mahindra & Mahindra - Mahindra & Mahindra launched a unique kind of ESOPs-Employee Social

Optionin order to enable Mahindra employees to involve themselves in socially responsible activities of their choice.

Glaxo Smith Kline Pharmaceuticals- Glaxo Smith Kline Pharmaceuticals CSR programs primarily focus on health and healthy living. They work in tribal villages where they provide medical check-up and treatment, health camps and health awareness programs. They also provide money, medicines and equipment to non-profit organizations that work towards improving health and education in under-served communities.

Bajaj Electricals Ltd.- Bajaj Electricals Ltd. corporate social responsibility activities include Education, Rural Development & Environment.

6. Issues and Challenges of CSR

There are number of challenges to the implementation of CSR. They are enumerated below:

- **Lack of Awareness of General Public in CSR Activities -**There is a lack of interest of the general public in participating and contributing to CSR activities of companies. This is because of the fact that there exists little or no knowledge about CSR. The situation is further aggravated by a lack of communication between the companies involved in CSR and the general public at the grassroots.

- **Need to Build Local Capacities** - There is a need for capacity building of the local non-governmental organizations as there is serious dearth of trained and efficient organisations that can effectively contribute to the ongoing CSR activities initiated by companies. This seriously compromises scaling up of CSR initiatives and subsequently limits the scope of such activities.

- **Issues of Transparency** - Lack of transparency is one of the key challenge for the corporate as there exists lack of transparency on the part of the small companies as they do not make adequate efforts to disclose information on their programmes, audit issues, impact assessment and utilization of funds. This negatively impacts the process of trust building among the companies which is a key to the success of any CSR initiative.

- **Non-Availability Of Well Organized Non-Governmental Organizations** - There is non-availability of well-organized non-governmental organizations in remote and rural areas that can assess and identify real needs of the community and work along with companies to ensure successful implementation of CSR activities.

- **Visibility Factor** - The role of media in highlighting good cases of successful CSR initiatives is welcomed as it spreads good stories and sensitizes the population about various ongoing CSR initiatives of companies. This apparent influence of gaining visibility and branding exercise often leads many non-governmental organizations to involve themselves in event-based programmes; in the process, they often miss out on meaningful grassroots interventions.

- **Narrow Perception Towards CSR Initiatives**-Non-governmental organizations and Government agencies usually possess a narrow outlook towards the CSR initiatives of companies, often defining CSR initiatives more as donor-driven. As a result, corporates find it hard to decide whether they should participate in such activities at all in medium and long run.

- **Non-Availability of Clear CSR Guidelines**: There are no clear cut statutory guidelines or policy directives to give a definitive direction to CSR initiatives of companies. The scale of CSR initiatives of companies should depend upon their business size and profile. In other words, the bigger the company, the larger its CSR programme.

- **Lack of Consensus on Implementing CSR Issues**: There is a lack of consensus amongst implementing agencies regarding CSR projects. This lack of consensus often results in duplication of activities by corporate houses in areas of their intervention. This results in a competitive spirit between implementing agencies rather than building collaborative approaches on issues. This factor limits company's abilities to undertake impact assessment of their initiatives from time to time.

7. Conclusion

As society is getting more concerned about the working policies of the companies. Society expectations are increasing towards the social development by the companies. So, it has become necessary for the companies to practice social responsibilities to enhance their image in the society. Even though companies are taking serious efforts for the sustained development, some critics still are questioning the concept of CSR. There are people who claim that Corporate Social Responsibility underlies some ulterior motives while others consider it as a myth. The reality is that CSR is not a tactic for brand building; however, it creates an internal brand

among its employees. Indulging into activities that help society in one way or the other only adds to the goodwill of a company. Corporate Social Responsibility is the duty of everyone i.e. business corporations, governments, individuals because of the reasons: the income is earned only from the society and therefore it should be given back; thus wealth is meant for use by self and the public; the basic motive behind all types of business is to quench the hunger of the mankind as a whole; the fundamental objective of all business is only to help people. CSR cannot be an additional extra - it must run into the core of every business ethics, and its treatment of employees and customers. Thus, CSR is becoming a fast-developing and increasingly competitive field. The case for demonstrating corporate responsibility is getting stronger as expectations among key opinion formers, customers and the public are increasing. Being a good corporate citizen is increasingly crucial for commercial success and the key lies in matching public expectations and priorities, and in communicating involvement and achievements widely and effectively.

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Buyer's Attitudinal Behaviour & Purchase Intent with Emphasis on Cause Related Marketing - An Empirical Study

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Abstract: *The Public Affairs Council's consumer pulse survey showed that a strong majority of Americans not only desired, but expected the companies to be involved in improving communities. That is the reason why increasingly global companies are rethinking their approach to corporate responsibility Various research on CRM in the past has identified that it does not automatically guarantee a favorable-evaluation by customers in all the cases. The family of attribution theories and the concept of elaboration can be used to predict which cause-brand alliance will elicit greater elaboration and therefore a greater tendency to judge or attribute a corporation's intent for creating a cause-brand alliance. Corporate credibility is the most important stimulus that marketers use to create and enhance the consumer's attitude toward an advertisement; their attitude toward brand, and their Purchase Intention(PI). A total of 846 respondents participated in the study from different parts of India. Amongst the respondents 294, i.e. 34.8% are between 20-30 years, 368 (43.5%) are between 31-40 years, 109 (13%) are between 51-60 years, and 36(4.3%) are between 61 and above. 476 respondents are male and 370 respondents are female. The data is qualified and internal consistency among the items of different variables is found to be good (Cronbach's alpha above 0.8).*

1. Introduction

The Public Affairs Council's consumer pulse survey showed that a strong majority of Americans not only desired, but expected the companies to be involved in improving communities. That is the reason why increasingly global companies are rethinking their approach to corporate responsibility, evolving towards a model in which traditional donations are supplemented through innovative programs and initiatives that tap into the core strengths of the business. Marketing communication and promotion with a social dimension is a response to the consumer expectation of corporate philanthropy. Cause Related Marketing (CRM) is an integration of philanthropy in marketing strategy. CRM is defined as a strategy developed by the organization in supporting a cause (Pulse Polio, AIDS etc.), self or through non-profit organization, with creation of a fund when a customer participates in revenue generating activities of the firm. It is a partnership between a commercial enterprise and non-profit organization, in which the business entity uses the name and logo of non-profit organization in advertising and selling its products, and pays the latter for the right to do that. Such a type of marketing has the potential to raise significant funds for non-profit work, and to increase bottom-line profits for businesses. CRM is becoming popular in response to its success in enhancing the brand image in the public and the customers.

However, the success of cause related marketing is critical to the organization. The company should ensure that association with a not-for-profit organization will have a positive impact on the company's desired customer demographics and it should bolster or at least alienate the company's customer base. Although one may expect that consumers would respond favourable when a brand engages in an alliance to raise money and awareness for a social cause, it is often difficult

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to predict consumers' reactions to such marketing campaigns. In this regard, attribution of corporate motive, level of acceptance of cause-brand alliance corporate credibility are the factors influencing the success of cause related marketing campaign (Michal Strahilevitz, 2003). It is understood from the literature that there are two possible ways in which the association of a CRM between the corporate and not-for-profit may be looked at by customers/ publics- corporate centric motive or altruistic motive (out-of interest). The CRM campaigns that are attributed as corporate-centric may hinder the success as skepticism creeps in, whereas, attribution of altruism enhances the long-term image of the organization.

Additionally, attribution of corporate motives as altruistic will definitely enhance the level of acceptance of cause-brand alliance. Higher level of acceptance increases the corporate credibility and positively influences the attitude towards the company and intention to purchase. This study has been conducted to understand the relationship between these two variables.

2. Literature Review

Various research on CRM in the past has identified that it does not automatically guarantee a favourable-evaluation by customers in all the cases. The benefits of CRM differ depending on the nature of the product or service being promoted (Levitz and Myers 1998), the fit between the specific cause and charity chosen (Lafferty 1996), the perceived quality of the product being promoted (Folkes and Kamins 1999), as well as the size of the donation (Holmes and Kilbane 1993). Bloom et Al (2006) observed that companies have been able to use cause-related marketing to help distinguish their brands from competitors on consumers' minds and achieve desirable effects including greater efficiency for other marketing efforts, an ability to charge higher prices, increased market share, greater brand loyalty and better management of stakeholders. At times, this may also lead to negative influence as the consumer tries to understand the logic and changes his mind and loyalty. The success of CRM is found to be an outcome of consumers' perception of the corporate motive (cause-oriented vs profit-oriented) behind the campaign (Baron et Al, 2007). Sheikh and Zee, 2011 have revealed in their study, that concepts like CSR and CRM do have an effect customers' attitude. They have also stated that CRM night be more cost-efficient, its positive effect is limited to customers with high cause affinity. In

contrast, CRM has a negative effect on customers with low cause affinity, or those who oppose the cause. According to Endacott, 2004, consumers from different countries have different perceptions about CRM. Many Spanish consumers regard CRM as egoistic, and clearly demonstrated that they will not tolerate the mercantilist abuse of the CRM strategy.

Attribution theory addresses these processes by which individuals evaluate the motives of others and explains how these perceived motives influence subsequent attitudes and behaviour. When consumers attribute marketing actions to fir-serving motivations, negative reactions to the sponsoring firms often ensue (Andreasen, 1996; Drumwright, 1996; Gurin, 1987; Webb and Mohr, 1998). Although this effect is well documented, the process that produces these negative reactions is not completely clear. One explanation of this finding is that consumers use the existence of firm-serving motives as a cue to their attitude towards the firm. Ellen et al, 2000, use attribution theory to explain how consumers evaluate companies' CRM campaigns. They state that consumers evaluate and respond to CRM campaigns by making inferences about company's underlying motives of engaging in such a campaign and argue that consumers respond more positively to CRM programs that are altruistically motivated.

The review of literature shows that consumer perception of the corporate motive is a crucial factor that determines the success of CRM campaign. There are few studies to understand the preceding variables influencing the success of CRM campaign. This study assumes attitude and purchase intention are key variables of success of CRM campaign, influenced by corporate motive, level of acceptance of cause-brand alliance and corporate credibility.

3. Factors affecting Attitude towards Company and Purchase Intention.

a. Corporate Motive

The family of attribution theories and the concept of elaboration can be used to predict which cause-brand alliance will elicit greater elaboration and therefore a greater tendency to judge or attribute a corporation's intent for creating a cause-brand alliance. Consumer attributions can then be used to predict behavioural outcomes. Applying these concepts to CRM, it is suggested that when there are no cognitive elaborations about alliance, consumers are less likely to make attributions of corporative profit as the reason for creating the cause-brand alliance. When consumers make fewer profit-

related judgements about the cause-brand alliance, corporations can expect consumers to be resistant to a CRM persuasion attempt and more accepting of a cause-brand alliance. Consumers, then, would be more likely to resist the persuasion attempt and reject an alliance if their elaboration about the alliance have been triggered, and they had the opportunity to judge or attribute the corporate motive to desire to profit from the alliance.

In the present context, the consumer perceptions about the company's motivation to support a social cause may influence the degree to which CRM strategies affect consumer choice. These strategies should be more likely to generate choice of the sponsoring brand when consumers infer that the primary motivation for marketers' use of CRM is positive and not risky rather than negative and risky. Consumers are likely to accept attributions of values-driven motives as they consider the firm to be performing from sincere and benevolent intentions. They believe firm's produce CSR actions because they care, and view CSR activities as deriving from a company's moral behaviour. On the other hand, consumers are likely to view attributions of stakeholder-driven motives negatively, as they believe the company is acting to avoid retribution from the stakeholders and fear that a company's worthy programs may disappear in the next business downturn (Franklin, 2008). Consumers are likely to know that firms have ulterior motives, such as profit or image management, and may be more distrustful of firms that profess purely public-serving motives as a consequence. The consumer is induced to purchase a product, when they have high degree of acceptance towards cause-brand alliance. The acceptance of cause-brand alliance can be originated from the perception of firms' motives. In this regard the study assumes, the consumer with perception of ulterior motives of organization may not accept the association of brand with a cause programme. Followings are the hypothesized relationships:

Hypothesis 1: Corporate-motive attributed corporate-centric motive (Profit motive), will have less level of acceptance of Cause-Brand Alliance than Altruistic attributed motive.

Level of Acceptance of CBA

Corporate credibility is understood to be one of the aspect of corporate reputation that refers to the degree to which the various stakeholders, comprising of consumers, investors and others believe in the company's trust-worthiness and expertise.

Additionally, whilst evaluating corporate credibility in a CRM campaign, the consumer seeks to know the intentions that associate the brand to the social cause. Many research depicts that in the CRM context, the attribution altruistic brand intentions can generate more credibility (Klein and Dawar, 2004; Ellen et al., 2006; Du et al., 2007), as there is greater congruence between what the brand is communicating, social commitment vocation and the intentions that have led to this behaviour (altruistic motives). Consumer attribution of brand altruistic motivation requires the perception of a-like between what the brand it is hoping to communicate and its true intentions. This will inhibit a possible sensation of deceit and manipulation by the brand. (Figure 1).

One research examined the relationship between consumer attribution and their final outcomes and it compared different types of sponsorship linked marketing (Rifon et al., 2004). Researchers found out that when consumers credited corporations with altruistic motives for sponsorship behaviors, perceptions of corporate credibility were even stronger. The attribution of altruistic motive was more likely to happen when the sponsorship partnership was congruent. Therefore, it is hypothesized as follows:

Hypothesis 2: The higher the level of acceptance of Cause Brand Alliance, the stronger will be the perception of corporate credibility.

Corporate Credibility

Corporate credibility is the most important stimulus that marketers use to create and enhance the consumer's attitude toward an advertisement; their attitude toward brand, and their Purchase Intention (PI). Consumer attitudes regarding the brand and the company are predicted to be more favourable in a high corporate credibility context than in a low one. CRM programs can result in favourable attitudes toward the firm, its products and the NPO involved with a corporate credibility. Keller and Aaker (1992) define corporate credibility as the extent to which consumers believe that a firm can design and deliver products and services that satisfy customer needs and wants. They also identified three dimensions of company credibility; company expertise, company trust-worthiness, and company attractiveness. Participants in a high corporate credibility level show a more favourable attitude toward the brand than those in a low corporate credibility level. Attitude toward the brand is more favourable for firms with high credibility than for

those with low credibility except for when the firm is supporting a cause related to the risk of a product. When firms support a cause, consumers perceive as cause being related to the product's direct risk, not only can attitude toward the brand become less favourable compared to when a non-risk related cause or unrelated cause is supported, but the positive effect of CRM actually backfires. In the background of the forgone discussion the following hypothesis is formulated:

Hypothesis 3: Corporate credibility has positive influence on attitude towards company.

Purchase intention of the subjects would be influenced equally by perceptions of endorser credibility and corporate credibility. Positive corporate credibility is one of the important stimuli, marketers use to create and enhance consumers' attitudes toward an advertisement, brand and purchase intention (PI). The corporate credibility influences purchase intention (PI), because consumer perceptions of the trust-worthiness and expertise of a company are part of the information they use to judge the quality of the company's products. In other words, corporate credibility is said to have a direct relationship with purchase intention (PI). Lafferty and Goldsmith (1999) verified that positive corporate credibility leads consumers form positive attitudes and purchase intentions. Their study examined the joint effects of endorser and corporate credibility on attitude towards the advertisement, the brand, and the purchase intentions. Hence, it is hypothesized as follows:

Hypothesis 4: Corporate credibility has positive influence on purchase intention (PI).

According to Assael (2004), a positive attitude towards a brand leads to a higher purchase intention of the brand. Consumers having prior experience with CRM, and who have already made a CRM purchase before, are likely to have favourable attitudes towards CRM products as well; otherwise, they would not have bought a CRM product in the first place. As a result, consumers with prior CRM experience may still have sprung attitudes towards CRM and higher purchase intentions of CRM endorsed products. A positive relationship between assigned public serving motives and consumers' attitudes towards companies actively engaged in CRM and purchase intentions of CRM products is also expected in this study. The effect of attitude toward the company-cause fit on customer intent to purchase the sponsored

product will be moderated by company-customer congruence. The positive influence of high attitude toward the company-cause fit on consumer purchase intent will be stronger when company-customer congruence is high than when it is low. It is important to note that, what consumers say when asked for a reaction to a hypothetical situation may not be an accurate reflection of their consequent ultimate market behaviour. However, it can be presumed that the success of CRM campaigns reflects, at least in part, the favourability of consumer responses to a company's support of a cause, culminating in the choices of that company's products or services (Barone et al., 2000). Hence, the following hypothesis is framed:

Hypothesis 5: Attitude towards company has positive influence on purchase intention.

Research Design and Methods

Experimental design of without control group is adopted with five experimental groups. The experimental groups were named as "Acepirations Corporation", "Raj Electricals", "On way drive", "Cheese India", and "Coolent Ltd". These names are given after the names of the hypothetical CRM campaigns involving these companies and some hypothetical non-profit organizations. Advertisements were designed for each CRM campaign. These advertisements give enough details of the corporate as well as the non-profit organization associated. The experimental groups were presented with the brief outline of company profile, performance in the industry and the cause attributes supported by the company along with the advertisement depicting the CRM campaign. (Refer Fig. 2).

A structured questionnaire was designed to elicit the responses from the 846 respondents belonging to different parts of India. The respondents were reached through research enumerators (research scholars, faculty members, students) in different parts of India. Questionnaire were sent to these members for collecting the opinions of the respondents, and thereafter for further analysis. The questionnaire were designed to capture the perceptions of the respondents towards the variables- corporate motive, level of acceptance of cause-brand alliance, corporate credibility, attitude towards company and purchase intention.

Corporate motive in supporting a charity or cause can be categorized as, either corporate centric or altruistic. If the individual assumes cause campaign

as corporate-centric motive, it means he perceives company is supporting a charity for increasing its profits; otherwise an individual assumes motive as altruistic, i.e. he assumes company is supporting a cause voluntarily and without expectations in return from society. This variable is treated as both dependent and independent variable, influencing acceptance of cause-brand alliance. This variable is measured with items adopted from the work of Szykman, Bloom & Blazing (2004), as : "Impure"/"Pure", "Unselfish"/ "Selfish", "Caring"/ "Uncaring", "Self-serving"/ "Society-serving", " Involved"/ "Uninvolved", and "Reactive"/ "Pro-active". These items are rated on 7-point Likert-scale. Cause-brand alliance pertains to the relationship between the company and cause which can be through company owned foundation or external organization like NPO. Here the variable is about the acceptance of the relationship by the respondents. The acceptance from the public on alliance is important for positive credibility; higher the acceptance, higher the credibility. This variable is measured by the items as "I agree with the alliance between the cause and "Acepirations" is a bad idea, "I don't have any problem with the alliance between the cause and Acepirations Corp.", "More companies should do something like the alliance between the cause and Acepirations corp.", "I reject the alliance between the cause and Acepirations Corp.", "I approve of the alliance between the cause and Acepirations Corp." For avoiding the bias, manipulative questions were also added in the questionnaire. The questions are rated from "Strongly agree" to "Strongly dis-agree" on 7-point Likert scale.

Corporate credibility measures the perception on trust-worthiness and expertise of a company. It is significant to the marketer to have consumers' positive perception on credibility towards the company. Corporate credibility has two sub-scales, expertise and trust-worthiness. The expertise sub-scale consists of four items adopted from the work of Newell, Guld & Smith (2001), which are "The company has great amount of experience", "The company is skilled in what they do", "The company has great expertise", "The company does not have much experience". Trust-worthiness scale consists of four statements: "I trust the corporation", "The company makes truthful claims",

"The Corporation is honest", "I don't believe what the corporation tells me". All items are rated on 7-point Likert scale from "Strongly agree" to "Strongly dis-agree".

Attitude towards the company is the degree of being favourable or unfavourable towards the company/ product. Attitudes once formed are relatively stable and enduring (Fishbein and Ajzen 1975). To measure the attitude, four items were adopted from the work of Mitchel and Olson (1981). The items are: "Bad/Good", "Dislike/Like", "Unfavourable/ Favourable", "Negative/Positive", on 7-point Likert Scale. Customer willingness to purchase a product of a company is significant factor in customer purchase decision process. It is important to understand the antecedents of successful CRM campaign. In this study, purchase intention is a dependent variable. The variable is measured by the items : " I think this campaign is a good idea", "I would be willing to participate in this campaign by purchasing a product of the company", "I would consider purchasing from "Coolent Ltd" in order to provide help to the cause", " It is likely that I would contribute to this cause by getting involved in this campaign". All the items are rated on 7-point Likert scale from "Strongly Agree" to "Strongly Dis-agree".

4. Results and Discussion

A total of 846 respondents participated in the study from different parts of India. Amongst the respondents 294, i.e. 34.8% are between 20-30 years, 368 (43.5%) are between 31-40 years, 109 (13%) are between 51-60 years, and 36 (4.3%) are between 61 and above. 476 respondents are male and 370 respondents are female. The data is qualified and internal consistency among the items of different variables is found to be good (Cronbach's alpha above 0.8).

Hypothesis 1: Corporate motive attributed as corporate-centric or profit motive, will have low level of acceptance of Cause-Brand Alliance than the one attributed as altruistic motive. To test the hypothesis, independent sample test is run to test for significant difference between group mean scores of level of acceptance of CBA. The dependent variable level of acceptance, is categorised based on individual mean scores of altruistic Motive (Mean=5.35) and corporate-centric motive (Mean=4.30) of the subjects (Table 1&2).

Results incorporated in table 1&2 indicate the effect of corporate motive on level of acceptance of CBA which is significant (F= 541.094; p-value= .000) thus supporting Hypothesis 1. The mean scores of level of acceptance of CBA is high in the altruistic motive subjects (Mean=5.3), and low in the corporate-centric motive (Mean=4.30) subjects; the difference between the mean scores being significant (t=9.4; p-value=0.000). It is proven in

the study that the respondents with attribution of altruistic motive have high degree of acceptance of cause-brand alliance than those with corporate-centric motive.

Hypothesis 2: Higher the level of acceptance of cause-brand alliance, the stronger will be the perception of corporate credibility. To test the hypothesis, Independent sample t-test is run, considering perception of corporate credibility as dependent variable and level of acceptance of CBA as the grouping variable. The individual mean scores of acceptance are grouped into high (above the mean = 5.66) and low (below the mean = 2.69), as well as the respective individual mean scores of credibility are measured. The mean scores and the significance of difference in mean scores of credibility of the two groups are tested through independent sample t- test. (Tables 3 & 4).

As can be seen from these tables, they indicate the effect of level of acceptance of CBA on corporate credibility which is significant (F= 24.867; p- value = .000), thus supporting H2. The mean scores of corporate credibility is higher (Mean= 4.88), when the level of acceptance is high, and lower (Mean= 3.37), when acceptance is low and the difference in mean scores of credibility being significant (t= 14.064; p-value= 0.024). It can be concluded that the respondents having high degree of acceptance of CBA have perceived greater corporate credibility, than those with low degree if acceptance of CBA.

Hypothesis 3: Corporate credibility has positive influence on attitude towards company.

To test the hypothesis, correlation technique is used to know the extent of co-linearity between corporate credibility, and attitude towards the company. To estimate, the magnitude of variance in the dependent variable *attitude towards company/ product*, the independent variable *corporate credibility*, a regression equation is run. Tables 5 &6.

As can be observed from these tables, the credibility has a positive relationship with the attitude towards company/product (Pearson Correlation=.583; p-value=0.23) and this explains significant variance (34%; p-value= 0.00) in attitude towards the company, thus, supporting H3.Relationship between credibility and attitude towards company/product is moderate. The study has proven that perceiving higher credibility have exhibited favourable attitude towards the company.

Hypothesis 4: Corporate credibility has positive influence on purchase intention.

To test the hypothesis, correlation is employed to find degree of co-linearity between corporate credibility and purchase intention. To estimate the magnitude of variance in the dependent variable as explained by the independent variable, regression is run. (Tables 7 & 8)

As can be observed from these two tables, the credibility has positive relationship (.364; p-value = 0.00) and this could explain the significant variance (13.1%; p-value= 0.00) in purchase intention, thus supporting H4. The relationship between corporate credibility and purchase in found to be moderate. The respondents who perceive high degree of corporate credibility towards the organization have favourable intention to purchase.

Hypothesis 5: Attitude towards company has a positive influence on purchase intention.

To test the hypothesis, correlation is calculated between attitude and purchase intention. To understand the magnitude of variance in purchase intention, dependent variable as caused by attitude towards the company, the independent variable, regression is run. (Tables 9 & 10).

As can be observed from these two tables, the attitude has positive relationship with purchase intention (.303; p-value= 0.24) and this could explain moderate variance (9.2%; p-value= 0.00) in Purchase Intention, thus supporting H5. The correlation relationship between attitudes towards the company and purchase intention is moderate and could relatively explain low variance in purchase intention.

5. Conclusion

When consumers perceive fewer or weaker profit-related judgments about the CBA, anticipation is that the consumers are less resistant to CRM and more inclined to accepting CBA. Otherwise, consumers would be more likely to resist the persuasion attempt and reject an alliance. Consumers perceiving participation of corporate in CRM campaigns as corporate-centric motive will resist accepting the CBA. In contrast, consumers perceiving corporate motive as altruistic motive will have a higher acceptance of the alliance. A few studies have reported that consumer acceptance of CBA leads to more positive attitudes towards the corporation and stronger perceptions of corporate credibility (Trimble and Rifon, 2006). Attitude towards a company are a function of perception of corporate credibility. Therefore, the positive response CBA generates must be measured as perception of corporate credibility,

Table 1: Effect of Corporate Motive on Level of Acceptance

	Corporate Motive (Grouping Variable)	N	Mean	Std. Deviation	Std. Error Mean
Level of Acceptance	Altruistic Motive	475	5.3500	.89005	.04084
	Corporate Centric Motive	371	4.3012	1.97982	.10279

Table 2: Independent Sample Test of Level of Acceptance

Level of	Levene's Test	t-Test for Equality of Means			
Equal Variances Assumed	F Sig	t df	Sig. (2-tailed)	Mean Difference	Std. Error Difference
	541.094 .00	10.2 844	.000	1.04879	.10191
Equal Variances Not Assumed		9.4 486.5	.000	1.04879	.11060

Table 3: Effect of Level of Acceptance on Perception of Corporate Credibility

	Level of Acceptance (Grouping Variable)	N	Mean	Std. Deviation	Std. Error Mean
Perception of Corporate Credibility	High	626	4.8836	1.26911	.05072
	Low	220	3.3790	1.39723	.09420

Table 4: Independent Sample Test: Effect of Level of Acceptance on Perception of Corporate Credibility.

Perception of	Levene's Test	t-Test for Equality of Means			
Equal Variances Assumed	FSig	tdf	Sig. (2-tailed)	Mean Difference	Std. Error Difference
	24.867 .00	14.7844	.000	1.50	.10217
Equal Variances Not Assumed		14.0 353.9	.024	1.50	.10699

Table 5: Correlation between Attitude towards Company and Perception of Corporate Credibility

		Attitude Towards Company	Perception of Corporate Credibility
Attitude Towards Company	Pearson Correlation		.583***
	Sig. (2-tailed)		.023
	N		846
Perception of Corporate Credibility	Pearson Correlation	.583***	
	Sig. (2- tailed)	.023	
	N	846	

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

Table 6: Regression of Perception of Corporate Credibility on Attitude towards Company

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.583a	.340	.339	1.38279	.340	434.065	1	844	.000

Table 7: Correlation between Perception of Corporate Credibility and Purchase Intention

		Perception of Corporate Credibility	Purchase Intention
Perception of Corporate Credibility	Pearson Correlation	1	.364**
	Sig. (1-tailed)		.000
	N	846	846

Purchase Intention	Pearson Correlation	.364***	1
	Sig. (1- tailed)	.000	
	N	846	846

Table 8: Regression Analysis of Perception of Corporate Credibility on Purchase Intention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.364a	.133	.131	1.34614	.133	128.916	1	844	.000

Table 9: Correlation between Attitude towards Company and Purchase Intention

		Attitude Towards Company	Purchase Intention
Attitude Towards Company	Pearson Correlation		.303***
	Sig. (2-tailed)		.024
	N		846
Purchase Intention	Pearson Correlation	.303***	
	Sig. (2- tailed)	.024	
	N	846	

Table 10: Regression of Attitude towards Company on Purchase Intention

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.303a	.092	.091	1.62136	.092	85.621	1	844	.000

Figure 1: Antecedents of Attitude and Purchase Intention
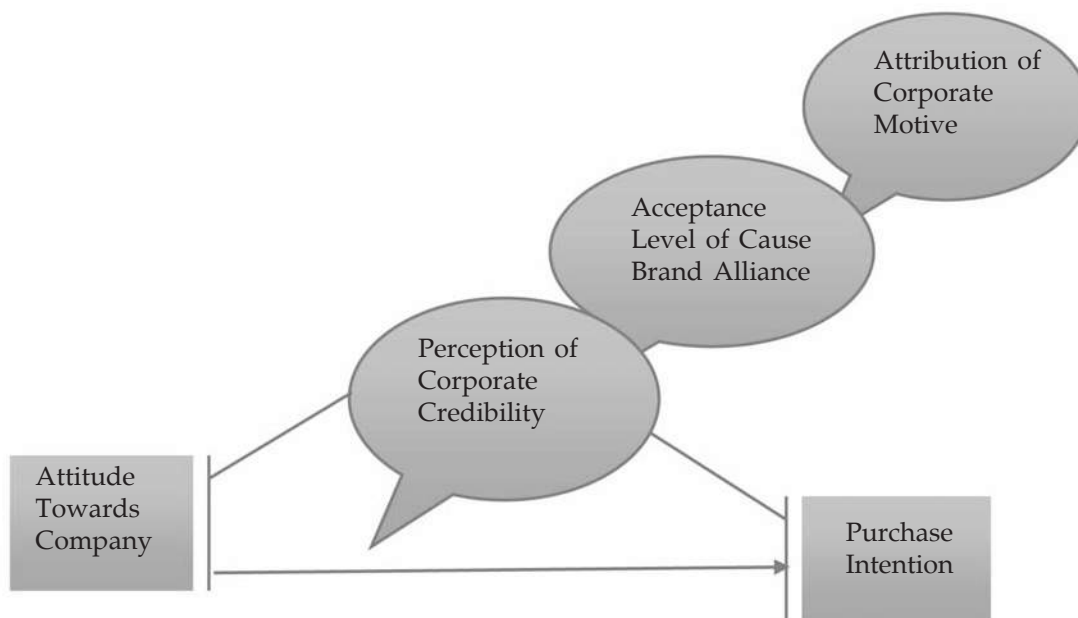
Figure 2: An advertisement of Acepirations Corp shown to a group of Respondents.

which in turn influences attitude towards the corporations.

The independent t-tests are performed between the variables of corporate motive and acceptance of CBA. The sample is categorised into respondents' perceiving altruistic motive (respondents with mean scores higher than average mean scores) and those perceiving corporate centric motive (respondents with mean scores lower than the average mean scores). It is found that respondents with perceptions of altruistic motive have higher mean scores of acceptance of CBA with significant effects.

To understand the influence of acceptance of CBA on corporate credibility, an independent sample t-test is performed between acceptance of CBA and Corporate credibility. It is evident from the results that, the respondents with higher level of acceptance of CBA have higher perception of credibility than respondents with lesser acceptance. To gain understanding of the relationship between corporate credibility and attitude towards company, a correlation analysis is performed. The results show that there is positive correlation between credibility and attitude. To know the extent of variance in attitude towards company, as caused by credibility, regression analysis is run. There is a significant variance in attitude towards company as explained by perceptions of credibility.

The acceptance of CBA can enhance the corporate credibility and customers perceiving higher level of corporate credibility tend to develop positive attitude and image towards the company.

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Impact of Organizational Culture on Employee Turnover Intention in the ITes Sector

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ABSTRACT: *The expansion of boundaries of the business world has made it imperative for organisations to focus on the needs of employees to attain and sustain a competitive edge. Skill shortage and employee turnover have become major challenges facing the burgeoning industry. Turnover intention is impacted by many factors like overall environment, culture of the organization in terms of management support, policies and procedures and so on. The study explores the impact of organizational culture on turnover intention of employees in selected Information Technology Enabled Services (ITES) companies in Delhi (NCR). Correlation and regression analysis were used to test the hypotheses. The results revealed that there was an impact of organisational culture on turnover intention of employees in the ITES sector.*

Key Words: *Turnover Intention, Organisational Culture, OCTAPACE, Information Technology.*

1. Introduction

Organizational culture is conceptualized as shared beliefs and values within the organization that helps to shape the behavior patterns of employees. Gordon and Cummins (1989) define organization culture as the drive that recognizes the efforts and contributions of the organizational members and provides holistic understanding of what and how to be achieved, how goals are interrelated, and how each employee could attain goals. Thus organisational culture is the means of keeping employees in line and acclimatizing them towards organizational objectives. Therefore, the organizational culture is outlined as overall phenomenon of the organization such as natural settings, the rite and rituals, climate, values and programmes of the company e.g. performance management, training and development, recruitment and selection, etc.

Turnover means the employees movement within an organization. The manifestation of turnover can be seen in terms of attrition, exits, mobility, migration or succession. It can be classified as voluntary and involuntary. For the purposes of this study, turnover intention is defined as a conscious and deliberate willingness to leave the organization (Tett & Meyer, 1993). Turnover is the subject of much research in the organizational sciences and economics. It is critical from individual, organizational, and industry perspectives. It has been linked to aspects like employee performance, employee satisfaction, organsational commitment and so on. The present study tried to examine the relation between organizational culture and employee turnover intention in selected companies in the IT sector.

2. Review of Literature

Cotton and Tuttle (1966) conducted a meta-analysis of Employee Turnover. The findings indicated that all the variables (population, nationality, industry) show correlation to employee turnover. The factors that were taken care of during the study were, firstly in meta analysis the result of regression analysis show biased result depending upon the variety of sample size and secondly, the regression analysis was based on small sample size. The implications of

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the research were that employee population has a significant impact on employee turnover depending upon various meta data variables like nation or type of industry.

Huselid (1995) investigated the relationship between the Human Resource Practices and Turnover, Productivity, and Corporate Financial Performance. The study comprehensively evaluated the links between systems of high performance work practices and firm performance. The results were based on a sample of nearly one thousand firms indicated that high performance work practices have a statistically significant impact on both intermediate employee outcomes (turnover and productivity) and short and long term measures of corporate financial performance. The study concluded that the impact of High Performance Work practices on firm performance is in part contingent on their interrelationship and links with limited competitive strategy.

Lund (2003) conducted a study which examined the impact of organizational culture on job satisfaction in a survey of marketing professionals in cross sectional firms. Cameron and Freeman's model of organisational culture was utilized as a conceptual framework for analysis. A self administered structured questionnaire of Cameron and Freeman (1991) was taken in the study in which the respondents were asked to distribute 100 points among the four scenarios of the questionnaire. The results indicated that job satisfaction levels varied across the corporate culture. The results concluded that job satisfaction levels varied across corporate culture and it was positively related to clean and adhocracy culture, and negatively related to market and hierarchy cultures.

Lok (2004) examined the effects of organization culture and leadership style on job satisfaction and organization commitment. The samples of data collection were drawn from Hong Kong and Australlian middle and senior managers. The result showed statistically significant differences between the innovative and supportive organizational cultures, job satisfaction and organizational commitment of two countries samples. However, the combined samples resulted into a positive effect of innovative and supportive cultures and leadership style on job satisfaction and commitment. The combined study also reflected negative effect of 'initiating structure' leadership style and job satisfaction. The conclusion was found to leave a moderating effect of age on job satisfaction with the more positive effect on Hong Kong Managers.

Sharma and Sharma (2010) examined the relationship of organizational culture and leadership styles in the textile industry in North India with OCTAPACE model of Parikh. A conventional sample of 300 permanent employees consisting of all the departments was used in the research. Result of the study showed a positive association between cultural values (like openness, confrontation, trust, authenticity, proaction, autonomy, collaboration, and experimentation) and charismatic style of leadership. They also concluded that the relationship between organisational culture and leadership in the Indian organisations has managerial implications, so the culture exhibiting the characteristics of accountability, collaboration, alignment and adaptability hold the key to successful survival.

Dwivedi (2013) investigated the impact of organisational culture on turnover intention in BPO sector in India. The study was conducted in three strata comprising of 15 BPO units in and around the city of Chandigarh in India. Further the study examined the mediating effects of organisational commitment between the organizational culture and turnover intentions. The result revealed that turnover intention was significantly influenced by the organisational culture and organisational commitment. The role of organisational commitment in organisational culture turnover intentions was not perfectly mediated but partially mediated. The study contributed to a better understanding of the influence of organisational culture and mediating effects of organizational commitment on Turnover Intention among employees of the BPO sector.

Gill (2013) investigated the Antecedents of Turnover Intention by generating a comprehensive model to predict the Turnover Intention. The study focused on seeking the relationship between person organisation fit and job stress, impact of job security, person organisation fit and job stress on organisational commitment, and Turnover Intention of employees. The research methodology used regression analysis to study each variable. The total of 150 responses was collected randomly from the employees of different sectors. The result showed that job security and person organisational fit were the higher contributors of organisational commitment. Whereas, the other variables also had a significant relationship but the relationship was not that much strong. However, the limitation of the study was the sample size and also the study was not taken in context of global economic conditions due to time constraints.

Hagalla (2017) explored the relationship between organisational culture and employee turnover intention in the international Information and

Technology firms in Sri Lanka. The main objectives of the study were to identify and confirm the dominant organisational culture and to determine which attributes of the organisational culture had the greatest effect on turnover intention. Organisational Culture Assessment Instrument (OCAI) was used to collect the organisational culture data and intention to quit scale was used to collect the turnover intention statistics in the study. The data was collected from 188 respondents of four IT firms. The result concluded from that was employees were similar to their counterparts around the world regarding the influence of organizational culture on turnover intention. Furthermore the result concluded that clean culture and adhocracy culture demonstrated an inverse relationship with turnover intention as expected.

Madueke (2017) explored the impact of organisational culture and employee retention in selected commercial banks. The objective of the study was to examine the nature of relationship between innovative culture and employee commitment. The study worked on 35 respondents and the findings revealed that there was a significant positive relationship between innovative culture and employee commitment in commercial banks. The result concluded that innovative culture (idea generation, capability and risk taking) is essential for high retention in an organisation. Employees feel committed to such organisations for their better career growth.

3. Objectives of The Study

i) To analyze the relationship between organizational culture and employee turnover in the ITES Sector.

ii) To identify the impact of organizational culture on employee turnover.

4. Scope of The Study

The study is limited to a few companies in the ITES Sector and does not necessarily reflect the findings of industry as a whole. The population of the study comprised of employees from various departments of the organizations under study which include HR, Marketing, Finance, Production & Operation and they were selected based on random sampling. The purpose of the study was to analyse the relationship between organizational culture and employee turnover in the ITES companies.

5. Methodology

The present study is descriptive in nature. Data was collected from both primary and secondary sources. Primary data was collected through the questionnaire by Uday Pareek (1964) for Organisational Culture (OCTAPACE) (2003) and Michel and Spector (1982) for the Turnnover Intention. In the questionnaire 24 questions were related to organisational culture and 3 questions were related to turnover intention. Convenience sampling was used for the same. The sample size for the study is 101. Secondary data was collected from the companies' website and other internet sources.

6. Hypotheses

H_{a1}: There is a significant relationship between organisational culture and turnover intention.

H_{a2}: There is a significant impact of organisational culture on turnover intention.

7. Data Analysis

For assessing the reliability of questionnaire, Cronbach's Alpha was calculated to examine the stability of each factor separately as shown in Table 1. Reliability coefficient for each factor is considered acceptable if their value is near 0.70. Values of Cronbach's Alpha show that the questionnaires are reliable.

Table 1: Reliability Test- Output

Items	Cronbach's Alpha based on Standardized items	No of Items
Organisational Culture	0.903	24
Turnover Intention	0.673	03

Table 2: Correlation Analysis

VARIABLES		TURNOVER INTENTION
ORGANISATIONAL CULTURE	Pearson Correlation	-0.270**
	Sig. (2 tailed)	0.006
	N	101
TURNOVER INTENTION	Pearson Correlation	1

**Correlation is significant at 0.01 level

Table 3: Model Summary of Regression Values

R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics			
				F Change	df1	df2	Sig. F Change
.270	.073	.063	2.69374	7.760	1	99	.006

Table 4: Unstandardized and Standardized Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
Constant	12.760	1.477		8.637	.000
Organisational Culture	-.049	.018	-.270	-2.786	.006

Relationship between organisational culture and turnover intention

For establishing the relationship between Organisational Culture and Turnover Intention correlation analysis was used. The results in Table 2 revealed that r value i.e. -0.270 which denotes a low negative correlation between the variables which is significant (0.006) at 1% level. Hence H_{a1} is accepted. There is a significant relationship between organizational culture and turnover intention.

Impact of Organisational Culture on Turnover Intention

The results in Table 3 portray that the value of R square is 0.073. This tells us how much the independent variable i.e. organizational culture explains the dependent variable i.e. Turnover Intention. It means the independent variable organizational culture explains 7.3% variability in the dependent variable Turnover Intention while the remaining 92.7% depends on the other factors. The p value is 0.006 which denotes the relationship is statistically significant. Hence, H_{a2} is accepted. The regression equation thus developed from Table 4 is

Turnover Intention = 12.760+ (-.049) (Organisational Culture).

8. Implications

The study revealed that there existed a low negative correlation between organizational culture and turnover intention of employees in the ITES sector. Further the results also showed that there was a significant impact of organizational culture and turnover intention of employees in selected companies of the ITES sector.

9. Conclusion

The study reveals that organisational culture has a significant impact on the turnover intention of employees. Hence, organizations could take due consideration of the different aspects of organisational culture which could impact the intention of employees to quit. Managers or superiors must appreciate the role of the employees in maintaining or evolving an organization's culture. Turnover intention could also be analysed only through the planned exit interviews. Lastly, there should be an attempt to create a culture involving high organisational commitment, interaction, educational awareness, employee engagement and cooperation-raising programs for the people.

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A Study on Consumer Buying Behaviour in Organized Fashion Retail Outlets – Impact of Color

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Abstract: Buying behaviors are the decision processes. It is act of people involved in buying and using products. For understanding buying behavior, we need to understand why consumers make the purchases that they make, what factors control consumer purchases, and the altering factors in our society. In our daily life, there are plenty of things that we have taken for granted in the sense that we do not notice, acknowledge, enjoy them fully or sometimes even complain about. Among those precious gifts existing in our life there are the ability to see things in colors and the color itself.

Color is the first and most important factor in the attractiveness of product as well as its packaging. The purpose of this study is to address and highlight the messages intended by the organization through the product's and its packaging's color. A greater understanding of the impact of the visual aspects enables them to direct the content of their messages in a better way. In this study, an attempt has been made to explain the reasons of color importance in attracting the customer. Research Design for this research is descriptive and empirical in nature. The study has used both the primary data and secondary data. For the purpose of the study 100 respondents have been chosen in Delhi- NCR. Probability sampling is used for this research.

1. Introduction

The consumer behavior is a difficult and very stimulating issue and involves the study of individuals and whatever the buy, why and how they buy, marketing mix and their interrelationship. Consumer behavior is a very motivating field to study. Since it is consumers who buy goods and services, they can use their daily experience in order to perceive the concepts and theories of this field. Identifying consumer behavior and evaluation of the consumer performance is of specific importance considering cultural differences in different societies. Buying behaviors are the decision processes and acts of people involved in buying and using products. For understanding buying behavior, we need to understand why consumers make the purchases that they make, what factors control consumer purchases, and the altering factors in our society. A firm needs to examine buying behavior because buyer's reactions to a firms marketing strategy has a great impact on the firm's accomplishment. It stresses that a firm should generate such strategies, which satisfies customers and therefore need to evaluate that what, where, when and how consumers buy. Marketers can better forecast how consumers will respond to marketing strategies. Consumer's behavior depends on many factors

In our daily life, there are plenty of things that we have taken for granted in the sense that we do not notice, acknowledge, enjoy them fully or sometimes even complain about. Among those precious gifts existing in our life there are the ability to see things in colors and the color itself. (Sewall,1978)

The psychological effect of color on the mind is

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powerful. It drives your mood, perception, your likes and dislikes. As a human, colors effect is programmed into you, and you really have little to say about it.

We know colors can provide visual appeal and influence buyer behavior. Use them properly and you can reap rewards, use them wrong and you could be sending a message to your visitors to stay clear.

For many years, mountains of market research have been performed to identify various colors and color combinations along with the likely effect they have upon shopping habits. Big retailers spend millions on to testing colors effect on consumers because they know it has a huge affect on how their products are perceived. A look at some of the top retailers online might show some strikingly similar uses of color.

Keep in mind that although it would be a good bet the top competitors have a firm line on what works and what doesn't when it comes to color, it should be noted that simply duplicating those with the thought it has to work is not the best idea. The effects of color differ among different cultures. As a result, the attitudes and preferences of your specific target audience should be taken into careful consideration while planning the design of any promotional materials.

Since ancient times human beings have been surrounded by colours and their influences on every aspect of their daily life. Consciously or subconsciously they have used colours to communicate with each other, to project the image of themselves to the others or in order to decorate their environment, to feed themselves and to produce the general feeling of comfort.

Human being has continuously been affected by colors,both physically and psychologically. How humans are affected by colors has obviously a psychological nature which indirectly influences norms, reactions and individual behavior. (Elm, 2012).

However, like other economics and business models, it is not necessary that consumers follow this sequence in all purchasing situations; this model rather provides marketers a logical framework to integrate psychological concepts with the purpose of interpreting: why and how people respond to marketing activity. (Evans, Jamal, Foxall, 2006)

2. Color

Color can be distinguished in hue, brightness and saturation (Valdez & Mehrabian, 1994). Based on hue, colors are broadly divided into cool and warm colors. Cool colors are also known as colors with short wavelengths (i.e. violet and blue). Warm colors are also known as colors with long wavelengths (i.e. red and orange). There exists a hierarchy in color from violet, blue and green (short-wavelength colors) to yellow, orange and red (long-wavelength colors) (Crowley, 1993). Brightness and saturation also play an important role in the perception of color. Brightness determines the lightness or darkness of a color. Much light reflection indicates a light color, low light reflection indicates a dark color. Saturation points to the purity of a color: high saturation represents a pure color and low saturation a pale, greyish color. Colors are seen as more pleasant by an increase of both characteristics (Camgöz, Yener & Güvenç, 2002; Crozier, 1996). Hemphill proved that bright colors are associated with positive feelings such as happiness, joy and hope. Grandjean also suggested that brighter colors are judged as being friendlier, more cultured, pleasant and beautiful. In contrast, dark colors can evoke negative feelings, such as boredom and sadness (Camgöz et al., 2002).

Elliot and Maier found that color may evoke associations and reactions. According to the researchers, the meaning of color is bipartite. First, the meaning of colors can be a result of learned associations, for example red, orange and green colors on traffic lights. Second, the meaning of colors can be determined by nature (i.e. associations between black and death). (Elliot, Maier, 2007) Tofle, Schwartz, Yoon and Max-Royale also argued that emotional reactions evoked by color are results of learned associations based on culture and characteristics of an individual. (Tofle, et al, 2004)

Colors are believed to slow down the rate of metabolic activities in human beings. Cool colors slow down the rate of metabolic activities in human body whereas warm colors speed up the process.

Wexner examined the associations between color and mood. Participants were faced with colored cards

Figure 1: Sequential effects of response to marketing (adopted from Evans, Jamal, Foxall, 2006)

and asked to indicate associations with different moods. Cool colors were associated with calm, serene and comfortable moods. In contrast, warm colors were associated with stressful and exciting moods. However, the participants in the study were only exposed to colored cards and not actually located in a colored environment. According to Wexner there is a relationship between wavelength and level of arousal. (Wexner, 1954). These findings were later confirmed by Valdez and Mehrabian who found that long-wavelength colors were more arousing than short-wavelength colors (Valdez & Mehrabian, 1994).

Color are considered Colors have the ability to attract attention, this is called the approach orientation of color (Bellizzi, Crowley and Hasty, 1983). Retailers can use this to elicit approach behavior. Research of Bellizzi and Hite showed that in a blue shopping environment, compared to a red one, people were more willing to look around and buy products. In a less distracting blue environment also less purchasing decisions are postponed and more money was spent. (Bellizzi, Hite, 1992) Bellizzi, Crowley and Hasty examined approach behavior and attractiveness of different colors in an experimental study. The study measured the distance and angle at which participants were sitting down relative to a colored wall. (Bellizzi, Crowley and Hasty, 1983)

Each person has a self-image built through experience and development. The very person as well as the environment and tradition influence this image and it is connected with the characteristics, abilities, habits etc. When choosing a brand, the consumer often decides on the one it can relate to, i.e. the one that is closer to their self-image.41

When a person selects a colour they will wear their aim is to present themselves in a certain way and project an image of themselves to their environment. The selection depends upon how the person sees themselves, on their mood and with whom they communicate. Colours can make the person appear happy, relaxed, tired or anxious, but they can also have an instant effect on their mood. Men and woman mostly select different shades of the same colour. By selecting a particular colour the person demonstrates how the see themselves, but if the selected colour of clothing is wrong they can appear older, tired or younger and livelier. For that reason the fashion industry uses the so-called colour scenario, particular colours best suited for a consumer (autumn winter, spring, summer), a particular model of makeup and hair colour.

In order to utilize color in marketing activities, marketers ought to understand which emotions and also the needs behind that each color can trigger from the target customers. The meanings associated with colors vary from culture to culture; there are no absolutely universal meanings applied for any color.

3. Psychology of Colors

Psychology is defined as how people think, feel and among different options choose one and how an environment (culture, family, signs, and media) affects them. Production & marketers and all those who are interested in consumer behavior in business world need to be aware of the perceptional, possessive and behavioral stratums of potential buyers in order to meet their demands and to retain and expand the market share. In this way they can set out to produce, distribute and circulate their products suited to their decision mechanisms. This is not possible without the use of psychology (Biabani et al., 2010).

Colors are a component of nonverbal signs which are studied as one of the important market phenomena (Kotler and Keller, 2006; McWilliam, 1999). Consumers tend to attribute particular colors to particular product classes by learning the dependencies between colors. The importance of colors is realized when we refer to marketing and packing. Harmony, composition and arrangement of colors attract the consumer attention. One of the major factors that affect consumer perception is the type of colors which is used in packing. In fact it is the color that attracts consumer attention in the first place, although the colors accepted by consumers in packing are limited (Behnoud, 2012). Consumers acquire the color of particular products based on the relations that they experientially establish. In some instances having a pleasant experience may lead to the preference of a certain color. In other cases consumers acquire particular colors for special products based on relations such that definite colors would be suitable for special groups of products (Luscher and Scott, 2003). Cool colors like blue and green are pacifying and warm colors like red and orange are stimulating. Being aware of the psychological impacts of colors is utilized to relieve a company's personnel without the use of medicaments. Consumers are divided into three categories in terms of how they respond to various colors:

i.   Those who tend to test new colors due to the idea of novelty and freshness and are ready to pay more for that.

ii. Those who use new colors provided that it has been used earlier by others.

iii. Those who tend to depend on investing on safe colors like blue, black and grey.

iv. Those who use a mix of colors as mentioned in category 2 & 3 depending upon the suitability of occasion or their mood

v. Those who continue using the colors of the same palette to create their own identity

In different countries and cultures, colors convey different meanings. Even a minor mistake in choosing a color might lead to hold people back to use a particular product. The role of colors has achieved prominence in marketing communications. Since making headway in technology involves information related to the consumer's lifestyle, it would be considered beside the other aspects of information. In other words, a developed technology about colors stems in recent procedures of the product and consumer behavior. Due to the influence of colors on the customer perception, marketers should take the color of their products into account in the same way that the customer's awareness in the development of companies has raised to the top. As mentioned earlier, human being has continuously been affected by colors either physically or psychologically. How humans are affected by colors has obviously a psychological nature which indirectly influences norms, reactions and individual behavior (Elm, 2012). Those who are involved in marketing mostly consult color advisers in determining the color of the product they present. Being aware of the color preferences of the consumers has a logical consequence. Because those marketers who have discovered which color is most effective on selling the product would probably reduce the production costs as well as providing the consumer's desired product. The striking use of colors along with growing consumer awareness has made the market color dominated.

4. Different colors have different effects based upon their qualities. A few of them are described as follows:

White- The color has the property of fetching calmness, comfort, buoyancy and optimism. It acts like a real medicine gives your life a sense of order and meaning, helping to eliminate all the negative aspects. It will suggest an inner cleansing for thoughts being the ultimate source of pure energy. But too much of it can have a negative aspect of desolation and isolation, a sterile and ignorant environment. If the majority of cultures, white means the beginning of life, in some it is used as a predominant color for funerals. Especially in the ones that do not consider death an end, but the finish of a journey, as a new one will begin immediately afterwards a person leaves this world.

Positive characteristics given by white are purity, innocence, simplicity, cleanliness, neat, open, equality, and new beginnings. The color also has a negative part, giving traits like ignorance, sterility, distant, boring, cold, empty, or critical. If used in balanced proportions it can be our redeemer from the dark side in times of anguish. It represents a clean future and the fact that we have a change to a better beginning. It is efficient, showing an excellent organization and sense of order.

Gray - Gray is the color of architecture, commerce and theory. It symbolizes intelligence, wisdom, futuristic vision, stability, compromise, increased sophistication and calmness. Grey is the color of traditionalism- not having any personality of its own, Gray is usually an unresponsive color. It truly is unattached, neutral, impartial and also indecisive. Coming from a color mindsets perspective, gray is the color regarding settlement – being neither dark nor white-colored, it does not take changeover between those two colors. As gray reaches dark, it becomes extraordinary and also mysterious. On the other hand, the deeper gray reaches to silver the precious metal and white-color; the greater it becomes highlighting and dynamic.

Being both still and emotionless, gray is strong and steady, making a feeling of cool and self- restraint, and alleviates you from a disorderly world. It doesn't invigorate, empower, revive or energize. From color psychology point of view, gray looks sensible, exhausting, dull and unpromising. But at the same time it looks exquisite and formal. It looks captivating when combined with a brighter hue. Gray is the color which is connected with maturation and obligation, and also linked to the gray curly hair which humans get with old age. Moreover, because of its neutral appearance, it is the reason fashioners frequently utilize it as foundation shielding. Based on color psychology Gray can also be monotonous, conservative and also exhausting to the physical human body. If you like gray color it shows your Intellect, futurism, modesty, sadness. It shows you are a hard worker but also not a dull one.

When it comes to color psychology, the ones who love gray color are the ones who try to protect themselves from the world around them. It shows that those peoples prefer a safe and balanced existence.

Black - Black is considered to be the strongest and

most powerful neutral. It is a color that has many different meanings. It can be seen as aggressive or as sorrowful by few but powerful and wicked by others The first association black has is with mystery, the unknown and the hidden. Black is a color linked to secret knowledge and even has a lot of association with magic or esoteric ideas Symbolizes protection and is associated with power, elegance, formality, death, evil, and mystery. Black denotes strength and ability; it is considered to be a very formal, elegant, and prestigious color hence is always a safe investment for Formal occasions. Highlighting the negative impact of Black, it is a symbol of misery, causing depression, sadness and negativity

Black has always been fashionable and a symbol of solidity and high quality. It is associated with wealth, intelligence and style. Black suits are often worn by business men and women, a black suit implies seriousness and professionalism. Black is a very versatile color that is very suitable for many situations, such as in business, weddings and in our social and personal life. History tells us that black has been a choice of the elites. The famous black gowns were emulated from the priests who first wore them in 12th as an outer covering.. Black again became very popular after the famous Fashion Designer Chanel introduced the Little Black dress.

Black is certainly a color associated with evil. It is often used to indicate malicious or antisocial elements. In the Western culture, black is the color related to death and mourning. Black is seen as an uninviting color that reflects the severity of a loss and the pain people are feeling. It's a very serious color that states grief. Black doesn't usually express many emotions, rather, it conceals them, giving the person in black an air of superiority. Black is used to market luxury products

Brown - Brown is a neutral which is a color connected to life, growth and the color of the earth. It is a color of sincerity, honesty and loyalty, it relates to maturity and being utilitarian. It's a combination of a few different colors, including, orange, yellow, red, green, blue and purple. Its characteristics are made up of all these different colors. Browns meaning changes depending on which of these colors is more dominant. Brown is also associated with nature and natural organic health products. Also it has strong associations to the great outdoors and farming as well as luxury and elegance. Brown is definitely not the most popular color there is, it can appear to many people to be unattractive, boring, dull, simple and uninteresting. In the modern western world you don't get many people wearing brown, with a few

exceptions it is not a very attractive color to wear. It may mean that someone wasn't fashion conscious and not focused on their appearance, probably an intuitive personality. Brown is a color that has strong connections to the earth, It may suggest that someone likes the great outdoors and is not afraid to get their feet dirty, or hands for that matter.

The color brown encourages feelings of safety and security. Brown is a welcoming and relaxing color which often makes it a good choice for home furniture. Browncan seem dull, boring perhaps even depressing and uninspiring. Light brown is welcoming, stable. Dark brown is melancholic, mature, predictable.

Yellow - Yellow indicates hope, optimism, enthusiasm, confidence, originality, wisdom, analytical thinking, creativity, fun. But the color also has negative traits, of can be mentioned the following: critical, impatient, impulsive, individualist, pessimist, with complexes, cowardly, cold from the emotional point of view. It is believed to have an influence on the left side of our brain, where deep thinking and perception dwells. It signifies communication, illumination and sanctity. Yellow is very sociable. It can make the advertised product "intelligent" and help to absorb new ideas. Yellow works best in advertising of kids' goods as it expresses holiday, joy, freedom, and anxiety. Grabs a window shopper's attention, so it is often used in store displays. It also helps absorb marketing messages, and makes messaging seem more intelligent. The various shades of yellow also have their benefits, or not. For instance, bright yellow is great for clearing up the mind. A lemon yellow means a need for order in life. Citrine yellow stands for emotional instability and deceptions, as it will never take on serious responsibilities. Golden yellow, more sensitive to criticism, it represents curiosity and the attraction towards investigations. A cream yellow encourages the creation of new ideas. But if the color is too faded it might mean lack of confidence. Dark yellow, the color of the cynic and complainer, represents the presence of gloom, lack of love and depression.

Red: The color red is a primary and one of the strongest color which is associated with passion, feminity, desire, vigor, life, will, struggle, activity, and fire. Red is a color which stands out and may also be used to imply danger. Red is often shown in fiction as a color connected with evilness and bad. In many fictional stories red is often used to visually enhance the effect of evil characters such as having red eyes.

Consumers perceive greater savings when product

prices are presented in red — more than than any other color. Red also drives consumers to make immediate and rash decisions. Red stimulates the consumer to take immediate decisions and commit impetuous actions, so it is typical for advertising. However, red should be used in moderation because an over abundance of it may result in impatience and aggression.

Dark Red is considered to be less aggressive and energetic, more controlled and thoughtful, dignified and royal It also links to willpower, courage and malice. Light Red is less serious, more playful, indicates sensitivity and delicacy

Maroon-Maroon is a variant of red, a dark red brown color. It's created from a combination of the three primary colors red, blue and yellow. It gets its name from the word marron which is French in origin, it's a large chestnut.

Burgundy-Burgundy is a more red purplish color, the balance between red and blue has changed to include higher levels of blue which gives it a purple tint.

Blue is very common primary color and a favorite color for many people. Blue is associated with masculinity and a popular choice for men. In fiction blue is often represented as the color of good and red as the color of bad or evil. Blue is also reserved and trust worthy and does not invite any attention. It's a color often used in the emergency services and in hospitals which promotes calm and trust. Blue is perceived as being a color of peace, well-being and security. It's a calming and comforting color which signals that no danger is present. Blue is often related to intelligence and wisdom, as studies suggest that blue is linked to clear thinking and attention. Blue is a confident yet non-destructive and non threatening color, it implies strength and conviction while maintaining a relaxed composure. It's persistent and determined in its pursuits. It doesn't give up and stays until the end. Blue can be rigid and finds change difficult, change is possible but it can be a slow process. Blue often symbolizes Coldness, a lack of emotion and

Light Blue promotes healing, creativity, freedom and calmness. *Dark Blue* is serious, powerful and controlled. Lighter, brighter shades show a stronger interest in appearance and being unique, they value being different. Stores and websites that incorporate blue into their color schemes are drafted as less crowded, more relaxing, and more trustworthy than competitors.

Green: The color green is the color of nature, growth, life and health. Green is often used for packaging in natural health products; it also implies sustainability and safety. Green is also considered the color of money. Green triggers thoughts of peace, harmony and calmness. Dark green is not a color that attracts attention, suggesting someone is not seeking to be noticed. They are more likely to be reserved in character, not caring too much about their appearance and they value their privacy. Lighter shades of green could suggest a strong desire to be different and unique, with more thought going into how they look. Green is linked to an emotional response of feeling safe and secure. The green traffic light signals it's safe to cross the road. Surgeons and paramedics often wear green, it promotes health, well being and the power of healing. Natural health companies often use green as part of their logo and products. Green encourages a quest for knowledge and understanding. It's the color of wisdom and all seeing. Like blue, green encourages peace and none violence.

Green is the color of money and wealth, which is not bad in itself. However the desire for wealth can lead to an obsession for wealth which becomes greed. Green is also associated with Jealously**.** Greenis used in stores to relax the consumer, allowing them to feel at ease. Dark green is linked more to money and ambition whereas Light green is associated with knowledge, wisdom and fairness.

Orange: Orange is a secondary color belonging to the category of warm colors. Orange comes from the mix of yellow and red and it is associated with a combination of the two colors such as sun, energy, vacation, warmth and happiness and tropical locations. Orange gets its physical energy from red and its fun and playful nature from yellow. Orange is an energetic color which gives us both mental and physical energy hence is often used on sportswear. It's also linked to health and healthy foods like carrots, oranges and peppers.

Orange is color full of fun, energetic and has positive and uplifting influences. Orange is believed to increase our desires for social interaction making it an extrovert color. Because of the need for fun and social interaction, things like loyalty, honesty and integrity are less of a priority, making it a less trust worthy color. Creates a call-to-action: BUY, BUY, BUY! It is also associated with affordability.

Light orange indicates vitality, confidence, self esteem. Whereas Dark orange designates opportunity.

Purple - The color purple or violet comes from a combination of both blue and red so it includes

characters and influences of both those colors. It combines the constancy of blue and the vitality of red. Purple is considered a feminine color and traditionally more popular with the female gender. Purple is often associated with mystery, magic and sorcerers, nobility and royalty as well. It also has strong connections with power and leadership. Purple conveys wealth and extravagance. Associated with wisdom, dignity, independence, creativity, mystery and magic. Excessive use may indicate Introversion, gloominess, suppression and inferiority. It is often seen in beauty or anti-aging products.

Indigo –Indigo is a color that combines blue and violet. It has a strong association with the New Age and magic rituals, so it's a color with a lot of spiritual meaning. Indigo can boost up the perception a person has of things and encourage unconscious processes, such as intuition. This means that indigo can help develop a deeper awareness of what is going on. It also encourages other states of consciousness, so it's a good color to use for meditation. Indigo is a color related to devotion and helping others. It suggests fairness and impartiality. The color has a deep a quality that transmits wisdom and authority. Indigo stimulates the creative part of the brain. It can help with spatial thinking. Among the arts, indigo is mostly linked to theater, also having a dramatic flair. People who overuse indigo may also be quite dramatic. As for the arts, it is linked to creativity and spatial thinking, having a special relation to theater. The negative aspects for indigo are an inability to work without organization, as well as conformity and an excessive adherence to tradition. It can also be linked to "drama queens".

Violet–considered to be one of the strongest secondary colors. The short wave length of the color, i.e. violet is reflective in the high level of thoughts in people associated with it.

Lavender- Often confused for just another shade of purple, lavender is its own distinct family of colors. While it naturally shares certain historical, spiritual, and psychological associations with the former, lavender certainly possesses a unique heritage of symbolism and meaning. The color family of lavender encompasses a wide variety of shades and hues, from the pale, pinkish tone of lavender blush to the cold undertones of lavender grey. Just as the flower that bears its name, the color lavender is associated with the youthful, natural growth found in nature during springtime. This psychological association is confirmed by the color's historical use within the Christian faith as a symbol of Easter. In that sense, lavender represents the part of the psyche that, untouched by the weary and troubles of years, retains the vigor and vitality of youth. This encompasses such emotions and mental thought processes imagination, creativity, and because of its association with springtime, the optimistic beginning of new stages in life. The color is mentally associated with healing, moderation, spotlessness, and purity. The lavender color encourages calmness and tranquility of mind and is useful for both self-reflection and invoking a relaxed, meditative state

Pink - The color pink in the western world is associated with femininity and youth. It is also associated with love, caring and understanding. Pink is made up from a combination of red and white and hence gets its passion and energy from red and its peace and tranquility from white. While red is more associated with passion and lust, Pink is a softer more caring color which is more associated with romance and love with a more sensitive side to it. Pink is a calming, relaxed and non-threatening color, it's more submissive than red, without much passion, anger and aggression. Pink has a caring, compassionate and affectionate influence on people. It's associated with love, nurture, peace and romance.

Light pink is non - threatening, light flirtation, unconventional. But Dark pink is nurturing, and passionate

5. Literature Review

Color can be distinguished in hue, brightness and saturation (Valdez & Mehrabian, 1994). Based on hue, colors are broadly divided into cool and warm colors. Cool colors are also known as colors with short wavelengths (i.e. violet and blue). Warm colors are also known as colors with long wavelengths (i.e. red and orange). There exists a hierarchy in color from violet, blue and green (short-wavelength colors) to yellow, orange and red (long-wavelength colors) (Crowley, 1993). Brightness and saturation also play an important role in the perception of color. Brightness determines the lightness or darkness of a color. Much light reflection indicates a light color, low light reflection indicates a dark color. Saturation points to the purity of a color: high saturation represents a pure color and low saturation a pale, greyish color. Colors are seen as more pleasant by an increase of both characteristics (Camgöz, Yener & Güvenç, 2002; Crozier, 1996). Hemphill proved that bright colors are associated with positive feelings such as happiness, joy and hope. Grandjean also suggested that brighter colors are judged as being friendlier, more cultured, pleasant and beautiful. In contrast, dark colors can evoke negative feelings,

such as boredom and sadness (Camgöz et al., 2002).

Elliot and Maier found that color may evoke associations and reactions. According to the researchers, the meaning of color is bipartite. First, the meaning of colors can be a result of learned associations, for example red, orange and green colors on traffic lights. Second, the meaning of colors can be determined by nature (i.e. associations between black and death). (Elliot, Maier, 2007) Tofle, Schwartz, Yoon and Max-Royale also argued that emotional reactions evoked by color are results of learned associations based on culture and characteristics of an individual. (Tofle, et al, 2004)

Wexner examined the associations between color and mood. Participants were faced with colored cards and asked to indicate associations with different moods. Cool colors were associated with calm, serene and comfortable moods. In contrast, warm colors were associated with stressful and exciting moods. However, the participants in the study were only exposed to colored cards and not actually located in a colored environment. According to Wexner there is a relationship between wavelength and level of arousal. (Wexner, 1954). These findings were later confirmed by Valdez and Mehrabian who found that long-wavelength colors were more arousing than short-wavelength colors (Valdez & Mehrabian, 1994).

Colors have the ability to attract attention, this is called the approach orientation of color (Bellizzi, Crowley and Hasty, 1983). Retailers can use this to elicit approach behavior. Research of Bellizzi and Hite showed that in a blue shopping environment, compared to a red one, people were more willing to look around and buy products. In a less distracting blue environment also less purchasing decisions are postponed and more money was spent. (Bellizzi, Hite, 1992) Bellizzi, Crowley and Hasty examined approach behavior and attractiveness of different colors in an experimental study. The study measured the distance and angle at which participants were sitting down relative to a colored wall. (Bellizzi, Crowley and Hasty, 1983)

Dirk and Jia (2011), in a research titled as the impact of red and blue over the effects of primary behavior, worked on how a color can change the way that affects the structure of primary behavior (Aghazadeh et al., 2011). In a research titled as a study on the effects of the visual and informational aspects of packing on shopping behavior, the impact of different packing elements regarding the time pressure and eagerness effects over the consumers' shopping behavior was scrunitized. One of the factors having a profound effect on consumer behavior is

the product color which they intend to buy. Colors exist everywhere all around us. Geravand et al. (2010) studied the promotion of knowledge in production cooperatives in the country and a probable relation between quality, price and advertisement and the way the products produced in Koohdasht are distributed with the customers shopping decision. They discovered that the customer satisfaction is a function of quality, price and advertisement and the way the products are distributed as intervening variables which lead to a shopping decision along with meeting the customer demands.

6. Objectives

Color is the first and most important factor in the attractiveness of product as well as its packaging. The purpose of this study is to address and highlight the messages intended by the organization through the product's and its packaging's color. A greater understanding of the impact of the visual aspects enables them to direct the content of their messages in a better way. In this study, an attempt has been made to explain the reasons of color importance in attracting the customer

(i)   To study the impact of colours when purchasing fashion apparel

(ii) To study the affect of attractive colors in product's Packaging on consumer shopping behavior.

7. Hypothesis:

Hypothesis 1

H0: Color of the Fashion product affects demand of Fashion apparel or accessories

H1: Color of the Fashion product does not affect demand of Fashion apparel or accessories

The results reveal that there is a strong association between colors of Fashion apparel or accessories and consumer behavior. Consumers are always looking forward for some newer hues. Consumers consider some colors as associated with specific products which make the understanding of how people react to colors much more difficult. Each color must be used in a suitable product according to its psychological characteristics and the results of Scott-Kemmis's study (2013) confirm this issue. Manufacturing companies that intend to produce a product which boosts energy, sense of exhilaration, and excitement in people must use warm colors like red, yellow and orange such as the production of energy drinks, sport cars and chocolates that the lovers give to each other on Valentine's Day.

On the contrary, when the companies intend to induce the tranquility, peace and comfort to their customers, they must use cool colors like blue and green in their products such as comfortable furnishings, bottles of mineral water, bed clothes, and so on. A study by Wexner (1954) confirms these results. The inappropriate use of colors in products not only attracts the customers but also may prevent them from buying the product. Today, due to the development of self-service stores and the fewer roles of sellers, the colors psychology has become more important in the production and packaging of products, so that it greatly guarantees the preservation of manufacturing companies. The use of attractive and eye-catching packaging makes our products to show off more among thousands of items in stores' shelves and encourage customers to buy.

Men and woman mostly select different shades of the same colour. By selecting a particular colour the person demonstrates how the see themselves, but if the selected colour of clothing is wrong they can appear older, tired or younger and livelier. For that reason the fashion industry uses the so-called colour scenario, particular colours best suited for a consumer (autumn winter, spring, summer), a particular model of makeup and hair colour.

Hypothesis 2:

H0: Using attractive colors in product's Packaging does not affect consumer shopping behavior.

H1: Using attractive colors in product's Packaging affects on consumer shopping behavior.

The results reveal that there is a strong association between colors in product's Packaging and consumer behavior. Use of attractive color in packaging encourages consumers to make impulsive purchases.

Hypothesis 3:

H0: Understanding and applying the colors with the therapeutic effects, does not affect on consumer shopping behavior.

H1: Understanding and applying the colors with the therapeutic effects, affects on consumer shopping behavior.

The results reveal that there is a strong association between colors with the therapeutic effects and consumer behavior. Consumers are always looking forward for some safe remedies for healing their ailments and get psychologically associated with such colors. Moreover, there is a relation between the identification and use of colors with therapeutic effects and consumer buying behavior. According to studies, a long-term use of a color aimed at treating a certain disease will reverse the effects of it. It is recommended to use these colors alternately.

Hypothesis 4:

H0: Using various colors for different age (Children, youngsters, adults) consumers, does not affects on consumers shopping behavior.

H1: Using various colors for different age (Children, youngsters, adults) consumers, affects on consumers shopping behavior.

The results reveal that there is a strong association between colors for different age (Children, youngsters, adults) consumers and consumer behavior. Children are always attracted towards brighter and warmer hues whereas adults always consider color selection as a challenge in order to show their intelligence and awareness about trends. Interest or hatred towards various colors that are consistent with the results of Choungourian's study (1972). Colors in products for children play a significant role to attract them and the results of Brodly's study (1981) and his colleagues also confirm this issue. Manufacturing companies must consider the demographic characteristics of the target society such as gender and age in producing each product.

8. Research Methodology

1. Research Design: Research Design for this research is descriptive and empirical in nature

2. Data type – The study has used both the primary data and secondary data. Field survey method was employed to collect primary data from 100 respondents through a well outlined questionnaire. Secondary data were collected through various journals, magazines, reports and newspapers.

3. Sample Size- For the purpose of the study 100 respondents have been chosen in Delhi- NCR.

4. Sampling technique – Probability sampling is used for this research.

5. Research Instrument -A questionnaire was prepared to collect primary data from people of different areas, family income, gender, and attitude regarding purchase behaviour of apparel.

6. Data analysis technique In this study the raw data collected are classified, edited and tabulated for analysis.

Table 1: Profile of the Customers

Variable	Categories	N	N	%
Gender	Males	200	90	45
	Females	200	110	55
Age Group	Less than 20 years	200	45	22.5
	Between 20-29 years	200	99	49.5
	Between30-39 years	200	36	18.0
	Between 40-49 years	200	20	10.0
Educational Qualification	Matric	200	2	3.0
	Higher Secondary	200	40	20
	Graduate	200	70	35
	Post Graduate	200	88	44
Occupation	Student	200	58	29.0
	Professional	200	18	9.0
	Service	200	70	35.0
	Self employed	200	45	22.5
	Housewife	200	09	4.5
Family Monthly Income	Rs. 10,000-Rs. 20,000	200	5	2.5
	Rs. 20,000-Rs.30,000	200	51	25.5
	Rs. 30,000- Rs 50,000	200	27	13.5
	Rs. 50,000- Rs 1,00,000	200	50	25.
	More than 1 Lakh	200	67	33.5

**Data analysis and findings:**
Research results

Graph 1 – The influence of colours on Consumer behavior while purchasing
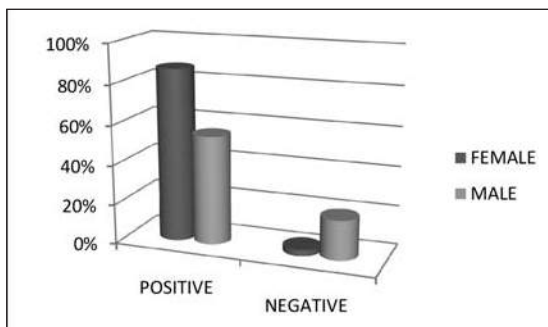
Source: author's own work

To the question if they are inspired by the colour when purchasing, 92% of female respondents replied positively while 53% of male respondents said that the colour does not inspire them, which indicates that women are much more sensitive to the situational factors when purchasing.

Graph 2 – The influence of colour on the daily mood
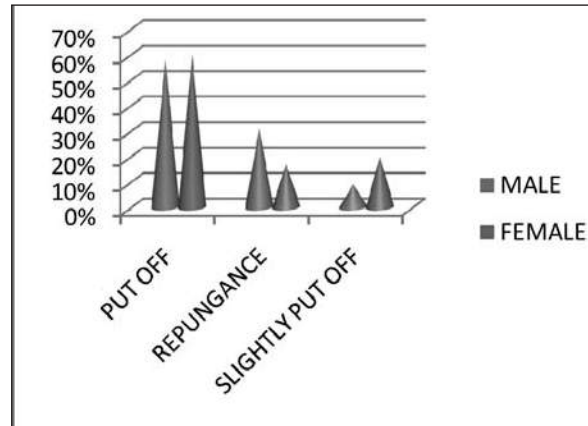
Source: author's own work

The response to the question whether the colour has an influence on their daily mood 87% of female respondents agreed, 10% remained neutral while 3% disagreed. More than half male respondents (55%) agreed, 1/4 male respondents remained neutral and 1/5 disagreed, which proves that they are not fully aware how much the colour really influences them. Taking the results into consideration it can be concluded, as we have expected, that women are much more sensitive to the stimuli of colours. We have also proven that people tend to surround themselves with colours that appeal to them in order to influence their daily mood.

Graph 3 – Elements influencing women when buying Fashion apparel & accessories

Source: author's own work

Color is the element that 73% women awarded the highest grade, and 69% responded – 'Shape '. 59% respondents graded 'texture' as elements that influence purchasing **Fashion apparel & accessories** quite a lot. However, a relatively high position of colour in the perception of a product graded by the female population is not surprising. 'Packaging', 'size', 'brand' and 'price' were awarded the lowest rating by women.

Graph 4 – Elements influencing men when buying Fashion apparel & accessories

Source: author's own work

'Quality' is the element with the highest rating by 79% of male respondents, followed by 'Brand name ' by rated by 63% and in the third place 'colour' rated by 54% as the element influencing men when making a purchasing decision.

Graph 5 – Do you agree with the statement: Each person has their colours and they have a significant influence on them.
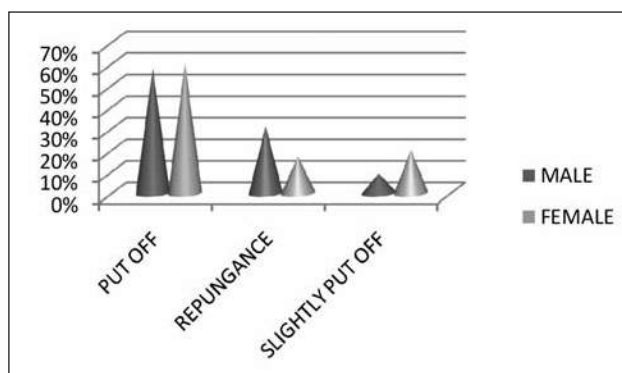
Source: author's own work

The results show that nearly half of female respondents (53%) think that generally all individuals

have their colours and that the significantly influence them while 17% disagrees with the statement and the remaining are neutral. In male res pondents the response to the statement is divided in three nearly equal parts. One third (31%) agrees with the statement, almost the same number disagrees (27%) while others remained neutral to the statement.

Graph 6 – How important is the color of the packaging when buying a Fashion apparel or accessory

Source: author's own work

The majority of respondents of both sexes feel that the colour of packaging is important when buying Fashion apparel or accessory: 78% women and 68% men. The response that the colour of packaging is completely unimportant has been eliminated by both groups, which proves that the colour of packaging has a positive effect on the psychological state of respondents and definitely has a positive relationship with Consumer Buying.

Graph 7 – Do the customers develop antipathy to a product in the process of buying because of its colour
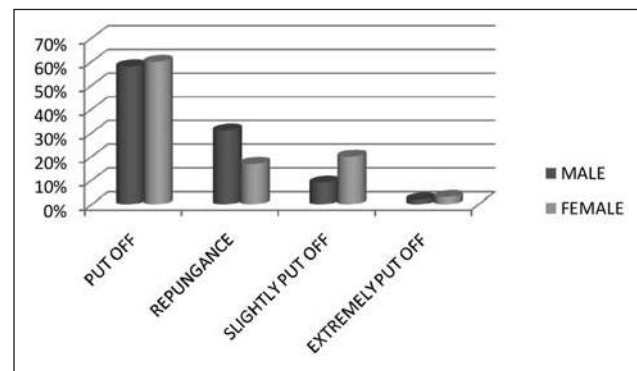
Source: author's own work

The results show that 58% male respondents have responded that there isn't a colour that puts them

off, 31 % sometimes feel repugnance to a particular colour, 9% can be slightly put off by a colour and 2% stated that they have been extremely put off by a colour. The results for female respondents show that 60% can sometimes be put off by a colour, 20% answered slightly, 17% are never put off by a colour and 3% can be extremely put off.

A sample of 200 people was taken out of which 90 were male and 110 were female.

Following were the findings among them:

- Most of the people who visited retail outlets were Salaried people followed by Student and Housewife

- The preferred shopping time was Evening for all. This implies that as majority of the shoppers were salaried people, who may be shopping in the evening.

- Frequency of visit was during weekends in majority of the cases

- Women have a better awareness of colours than men and they definitely consider them more important (88%)

- But it is a surprising fact that nearly half male respondents tend to point out the importance of col ours 953%)

- The colour took a relatively very high position as an element among the reasons to purchase a Fashion product, both among the male and female population, which proves the impact of visual stimuli in the purchasing decision. It is interesting to point out that the colour has been ranked much higher than the quality or Brand name.

- Half of the respondents of both sexes believe that the colour is an element which has a very significant influence in buying behavior of fashion consumers

- List of factors considered and their mean score which influence the purchase of apparel For measurement Likert's scale are used with ratings from 1 (Highest) to 5 (Lowest).

Factors	Mean
Color of the Fashion product affects my demand of Fashion apparel or accessories	4.7
I am attracted by color of the packaging	4.8
Design of the Fashion apparel or accessories attracts me most	3.08
My shopping behavior is governed largely by the color	2.91
I feel repugnance for some colors	2.37

Color affects my buying behavior positively	4.09
Color affects my buying behavior negatively	3.19
Color of the package affects my demand of Fashion apparel or accessories	4.12
Design of the package affects my demand of Fashion apparel or accessories	4.5

The most important factors considered while buying apparel were

a. Color of the Fashion product

b. Color of the Package

c. Influence of color on the mood of the consumer

d. Therapeutic use of color

9. Conclusion

Most of the people who visited these retail stores were salaried people followed by students and self-employed. Retail stores always create store ambience by best use of colors in merchandise as well as displays. The purpose of this study is to check the relation between the Aesthetics and the consumer behavior with the help of primary data collection. Through all that process it's verified that there is a strong relation exists in Aesthetics such as color, Design and packaging of the Fashion apparel & accessories with the consumer behavior The sector chosen for research has a huge impact on everyone's life. This study will help the marketing managers to focus on such important elements while planning for the packaging of products. Every marketing purpose can be gained by the clear understanding of what a consumer think and then translating the thoughts and dream of the customer on package. Marketers should be ever ready to make changes if he has to keep pace with the changing trends. The research highlights the fact that color stands very important in the consumer buying behavior

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A Review of Literature on the impact of Make in India Program on Manufacturing Sector's Productivity

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Abstract: The main aim of this study is to provide a holistic understanding of the issues and challenges faced by the manufacturing sector. Following an exploratory approach, a systematic review of the relevant studies has been done to provide an integrated view of the fragmented literature. The objective behind this initiative is to focus on job creation, skill development and innovation and to align India's manufacturing sector into the Global Value Chain by encouraging Public Private Partnership (PPP), Joint Ventures (JV), Foreign Direct Investment (FDI) inflow, and advancing Ease in Doing Business (EDB). The study found that, Make in India will bring a drastic change in the fields like automobiles, aviation, biotechnology, defense, media, thermal power, oil, gas and manufacturing sectors. Thus, we can conclude that, despite the fact that "Make in India" though came at a right time, its execution remains a big challenge. The data has been extracted from the various sources like research articles, publications from Ministry of Commerce, Government of India, various bulletins of RBI and authenticated websites.

Key Words: Job creation, Skill Development, Research and Development, Manufacturing Hub

1. Introduction

The Make in India campaign was launched and started by Prime Minister Narendra Modi in India on September 25, 2014 in a function at the Vigyan Bhavan. Basically it is an initiative of the Government of India to encourage multinational, domestic as well as, companies to manufacture their products in India. Indeed, it hopes to make India a major manufacturing hub. India has emerged, after first quarter of 2015, as the top destination globally for investment, beating our next to door neighbor as well as the States. During the end of 2014 on 29th December the Department of Industry Policy and Promotion conducted a workshop, which was attended by Modi, his cabinet ministers and chief representatives of states as well as various industry tycoons. The major expectation from this campaign is that it will create around 100 million job opportunities for youths in India over time. The aim is to take a share of manufacturing in country's gross domestic product from 16% to 25% by2022, as stated in national manufacturing policy. Major objective of this scheme focuses on25 sectors. The sectors are Automobiles, textiles and Garments, Biotechnology, Wellness,Defence, Manufacturing, Ports, Food Processing Mining, Media and Entertainment, IT andBPM, Pharmaceuticals, Renewable Energy, Roads and Highways, Railways, Thermal Power,Oil and Gas, Space, Leather, Construction, Aviation, automobile components, chemicals and Electronic System.

The logo for Make in India campaign is an elegant lion, inspired by the India's national emblem Ashoka Chakra and designed to represent India's success in all spheres. The wheel denotes the peaceful progress and dynamism - a sign from India's enlightened past, pointing the way to a vibrant future. The prowling lion stands for strength, courage, tenacity and wisdom - values that are every bit as Indian today as they have ever been. The campaign was

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dedicated by the Prime Minister to the eminent patriot, philosopher and political personality Pandit Deen Dayal Upadhaya who had been born on the same date in 1916.

India's Small and Medium-scale Industries can play a gigantic role in making the nation a manufacturing hub in the next few years. India should be more targeted towards the development of these segments. The Government of India should make provisions to give benefits to these divisions. As per the reports of World Bank Group, India ranks 130 in 2016 out of 189 countries in terms of ease of doing business worldwide. In India, rapid skill development can be attained by encouraging research and development for innovation.

Make in India campaign is at loggerheads with the Make in China ideal that has gained momentum over the past decade. China is a major rival to India when it comes to the outsourcing, manufacturing, and services business. India's ailing infrastructure scenario and defunct logistics facilities make it difficult for the country to achieve an elite status as a manufacturing hub. The bureaucratic approach of former governments, lack of robust transport networks, and widespread corruption makes it difficult for manufacturers to achieve timely and adequate production. The Modi government has vowed to remove these hurdles and make the nation an ideal destination for investors to set up industries.

2. Objectives of the Study

1. To study the overview of Make in India campaign.
2. To study the Make in India campaign main focus areas.
3. To study the initiatives taken by companies and various growth cycles of Make in India.
4. To study the major challenges, opportunities of Make in India initiative.

While scoring well on cost competitiveness, India loses out on some other factors, on the basis of some of these non-cost components, India ranks very low when compared with developed economies (BCG, 2014) (Fig:1)

3. Review of Literature

This section reviews the literature and presents research propositions for future research.

K. Kalaivani (2015) the article entitled "A Study on the Impact of Make in India on HRM Practices An overview". The study helps to understand the impact of make in India on the HRM practices followed in our country. The study also covers the synergy between the HRM practices and the job opportunities. The study found that, a significant positive and meaningful relationship between HRM practices and the make in India. The study also found that, HRM practices become the means whereby designing new culture requires that HRM professionals and ahead of the cultural change curve with innovative and exciting HRM practices.

Dr. K. V. Ramana (2015) the article entitled "Make in India Illusion or Possible Reality Project?" The paper covers issues of the make in India, sectors covered, worldwide and positive responses and some critics. The study also covers the challenges that the project and movement will face. The study found that, this campaign attracts foreign investments and boost the manufacturing sector of India has been timed to perfection.

S. Soundhariya (2015) the article entitled "Make in India - Scheme for transforming India" The paper discusses about Make in India scheme, its opportunities, challenges, changes needed and some examples of different investors invested so far. The study found that, Make in India campaign surely makes India an investment destination and global hub for manufacturing and innovation.

Fig:1: India is challenged by secondary factors

	Direct cost relative to the India	Overall Business Environment	Ease of doing business	Logistic Performance	Corruption Perception
Country	Delta	Rank	Rank	Rank	Rank
India	--	57	142	54	94
China	10%	50	90	28	80
Germany	39%	12	14	1	12
Us	15%	7	7	9	19
Japan	27%	27	29	10	18
Thailand	4%	34	26	35	102

Source: US Economic Censes; BCG Analysis

Seema Sangwan (2015) the article entitled "Making Make in India realism: role of FDI". This study focuses on the changes in FDI rate after introduction of Make in India by Modi and growth due to increase in the FDI rate. The study found that, there is high correlation between industrial production and FDI inflows. The study also found that, the effect of FDI on economic development ranges from productivity increased to enable greater technology transfer.

Times News Network (2015 addressing the top brass of the central bank in an event to Reserve Bank of India (RBI's) 80th anniversary, Prime Minister Sri Narendra Modi raised the topic of "Make in India, a subject close to his heart. Mr. Modi said, Mahatma Gandhi fought for Swadeshi does it believe us to print his photograph on imported paper? Does India not have the entrepreneurs to make the paper in India?

Christine Lagarde (2015) pointed out that India for being a 'bright spot' on a cloudy global horizon, urged government to seize its opportunity and even told students at Lady Shri Ram College that she would personally invest her money in India. Her positive prediction that India's GDP would be double in size by 2019 from what it was in 2009 is of a piece with similargung-ho declarations of faith by visiting high profile dignitaries, corporate honchos and economists in the past. With its young demography, huge market size and managerial prowess India has for years been thought of as ready for takeoff.

Times News Network (2014) reported that the government has a string of changes, including making the decision-making nimble and inclusive, to push his make in India initiative, after 23 top bureaucrats suggested several initiatives and a stable policy regime to boost the anaemic manufacturing.

4. Impacts of "Make in India"

1. Globalization and Labour Reforms

An important land mark in the history of contemporary India has been the New Industrial Policy announced by the Government. Several major policy measures including privatization of the public sector organizations, modernization and introduction of new technologies, manpower training and skill upgradation, rehabilitation of sick industrial units, and, above all, relaxation of state control by introducing adequate legislative reforms were part of the new policy package. In fact, an organized effort to tackle industrial sickness had commenced in 1987 with the enactment of the Sick Industrial Companies (Special Provisions) Act, 1985, and the constitution of the Board of Industrial and Financial Reconstruction. In pursuit of attracting investment and supporting the 'Make-in-India' campaign, the current NDA government has announced a series of legislative reforms, some of which have been attempted by earlier governments but failed. The Labour Ministry has proposed 'simplification and rationalization' of laws.

The existing 44 central labour laws are proposed to be simplified, rationalized and amalgamated into four labour codes on (i) wages, (ii) industrial relations, (iii) social security and welfare and (iv) working conditions and safety. The government has also proposed a draft law for small factories, excluding them from several of the labour laws, liberating the industrial units from the 'Inspector Raj'. The Labour Ministry proposes to integrate the Trade Unions Act, the Industrial Disputes Act and the Industrial Employment (Standing Orders) Act into a single code for industrial relations, an attempt which was brought in by an earlier government in 1990, which could not be taken it to its logical conclusion. Among other, proposed changes include scrapping of the labour court, and the board of arbitration. It is also proposed to allow companies hiring up to 300 (as against the current 100) workers to lay them off without seeking official sanction. Moreover, a notice period of 6 weeks will be required before workers could go on strike.

These changes are proposed to increase labour flexibility and to make it easier for setting up small and big factories and establishments in India. The above changes, if implemented, will surely placate the employers as well as the management, who have been clamoring for labor reforms especially for making to hire and fire easier.

2. Employment Trends

The 25 sectors covered under the Make in India initiative include Automobile & Automobile Component count for the shift of manufacturing activity to the service sector the net increase in service sector is only marginal compared to the decline in the agricultural sector. In other words, the absorption of the shift of workforce from agriculture to manufacturing and services sector in India is very minimal. The total employment generated in the Make in India sectors was 39.66

million in 2004-05 which increased by 164 per cent to 104.89 million in 2011-12, mainly due to the big jump in the construction sector. The employment created in the Make in India sectors as a proportion of total employment was 8.6 per cent in 2004-05 and 22 per cent in 2011-12 there has been an increase in employment in the IT/ BPO, textile and leather sectors. However, it is worthwhile to mention that in the Make in India barring construction, tourism, wellness, food although it is too early to assess the impact of the Make in India initiative on employment, as per the result of the last Quarterly Employment Survey in Select Sectors conducted by Labour Bureau reveals an increase in employment in some of the sectors covered under Make in India.

3. **Economic development**

- Manufacturing sector growth rate of 12-14% targeted in the medium term

- India ranked 4th in Global Manufacturing Competitiveness Index (2013).

- Capitalize on strong domestic demand and expand geographical base of manufacturing exports to reduce reliance on the US (12%) and UAE (10%) Scope for 4-5 times increase in labour productivity, and 50% increase in capital productivity.

- Exports to rise by USD 64 billion annually if India captures 20% share of low-end exports, where China is losing advantage.

- Manufacturing projected to generate 100 million new domestic jobs and contribute 25% of national GDP by 2025, from existing ~15%.

- Reduction in manufacturing imports from USD 127 billion in FY14 to USD 40-50 billion possible in next 5 years • Productivity improvement to boost skill intensive manufacturing in India by 2025.

- One of the top 2 low cost exporters in auto components, power equipment, pharmaceuticals.

- Among the top 5 low cost exporters in machinery, electronics, automobiles, textiles • 28 million new jobs in hi-tech and electronic hardware sector to cater to USD 400 billion domestic market by 2020.

    Investments

- Make in India has led to huge investments.

- In January 2015, the Spice Group said it would start a mobile phone manufacturing unit in Uttar Pradesh with an investment of 500 crore. A memorandum of understanding was signed between the Spice Group and the Government of Uttar Pradesh.

- In January 2015, Hyun Chil Hong, the President and CEO of Samsung South West Asia, met with Kalraj Mishra, Union Minister for Micro, Small and Medium Enterprises (MSME), to discuss a joint initiative under which 10"MSME-Samsung Technical Schools" will be established in India. In February, Samsung said that will manufacture the Samsung Z1 in its plant in Noida.

- In February 2015, Hitachi said it was committed to the initiative. It said that it would increase its employees in India from 10,000 to 13,000 and it would try to increase its revenues from India from ¥100 billion in 2013 to ¥210 billion. It said that an auto component plant will be set up in Chennai in 2016.

- In February 2015, Huawei opened a new research and development (R&D) campus in Bengaluru.

Ease of doing business

- It is a race against time for Union Finance Minister as he has so much to do before the 2019 Lok Sabha elections to prove his critics wrong by achieving an 8 per cent GDP growth rate on an "Acha Din". The government has changed its slogan from 'ease of doing business' to 'ease of living for the aamaadmi' and the Budget proposals showcase the spectrum of measures focusing on rural and infrastructure sectors.

- Despite a bumpy ride of GDP growth for the past three years, direct and indirect tax revenues steadily increased by double digits without any significant increase in tax rates. This signals an improved compliance by tax payers, and the tax payer base has increased by leaps and bounds, thanks a slew of measures such as GST and demonetization.

- Last year, the indirect tax collection overtook the direct tax collection. Therefore, the focus is on indirect taxes in order to fund various social welfare measures announced in the Budget, as well as to give a thrust to the "Make in India" initiative. The customs duty rates for many items saw an increase after a long time, in addition to a new surcharge referred as 'Social Welfare Surcharge' on imported goods, which is levied at 10 per cent on basic customs duties. With this new levy, the decade-old education cess has been abolished and the cumulative customs

duty rate for standard goods has gone up from 30.15 per cent to 30.98 per cent. In addition to this levy, on many goods including mobile phones, car, television and packaged foods, basic customs duty has been increased by 5 per cent to 10 per cent This measure is expected to make the manufacturing in India more lucrative for businesses especially in certain sectors like food processing, electronics, auto components, footwear and furniture.

- This move follows the trend of protectionism in tax policies to provide protection and competitive edge to domestic manufacturing sector. These measures may mandate many of the foreign brands to relook at their manufacturing and supply chain strategy from India manufacturing perspective.

- In order to enhance trade facilitation, automation and digitization, the Finance Minister has empowered the board to provide specific relaxation to a specified class of importers/ exporters/ goods in the arena of digital documentation, expeditious customs clearance to reduce the time and cost of clearance of goods. The fully automated customs clearance system is now proposed to replace the existing practice of manual assessment by the proper officer as also serving notices and accepting replies/ documents electronically. The introduction of fast-track adjudication process by mandating closure of show-cause notices, if the order is not pronounced within the prescribed time limit of six months to one year is a bold move by the government and will put tax authorities on their toes.

- Also, the time-bound advance ruling provisions in relation to customs duty have now been extended to all parties and aligned with the GST, which provides for setting up of an appellate authority for advance ruling as well.

- On the flip side, it seems there is an attempt to circumvent the time limitations to issue a show cause notice by providing a provision to issue supplementary show-cause-cum-demand notices. Similarly, the prosecution provisions seems to have been extended to any person who commit offences outside India including cases of under/over valuations, forging rules of origins certificates etc. How the government is going to implement this provision is to be watched out for.

- The budget proposal also envisages exchange of

information and also empowers government to frame relaxation of policies for honest taxpayers through trade facilitation measures. In order to reduce litigation in cases where suppression, concealment etc is not alleged, a new system of prenotice consultation is introduced so that the tax payer gets an opportunity to present his case.

- There was no mention of GST in the Budget as expected as the power to amend the law has moved from state and central government to the GST council. Several issues are under consideration of the Finance Ministry/ GST Council like liberalization of input tax credits, GST slab rationalization, simplified compliances under GST (including centralize deregistration for large service sector), inclusion of petroleum and real estate sector etc. It is expected that post the discussions in its upcoming meeting to be held in February/March 2018, the amendments in the GST law could be placed before the parliament in the second part of the Budget session.

Logistic perspective
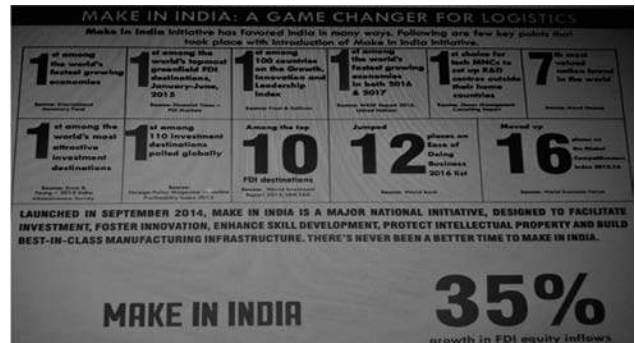
5. RESEARCH METHODLOGY

An Exploratory research was taken in order to develop a deep understanding of the research topic for obtaining in depth knowledge about the research objectives. The present study is based on secondary data. The data has been extracted from various sources like research articles, publications from Ministry of Commerce, Government of India, various bulletins of RBI and authenticated websites. Also,the data is collected from various websites, newspaper and journals.

Table: Words used frequency of words

Pillar	5226
India	4653
Business	3067
Market	2938
Manufacturing	2595

Government	2285
Education	2102
Quality	2004
Make	1902
GDP	1846
Sector	1682
Global	1636
Development	1609
Infrastructure	1601
Efficiency	1552
Index	1552
Country	1472
Economic	1436
World	1434
Growth	1401
Competitiveness	1246
Impact	1089
Will	1088
Services	1044
Labor	1033

First, most of the studies on external information search behavior have largely been conducted in the north. Out of 70 studies reviewed, country of sample collection/studied can be identified for 50 studies. Factors like social factors, cultural dimension, organization of economy, and legal requirements etc. vary from country to country and can impact the consumers' The 4 pillars of Make in India are

- New process
- New infrastructure
- New sector
- New mindset

Based on the understanding of the previous studies reviewed and propositions put for ward, following conceptual model for pre-purchase information search by consumers has been proposed.
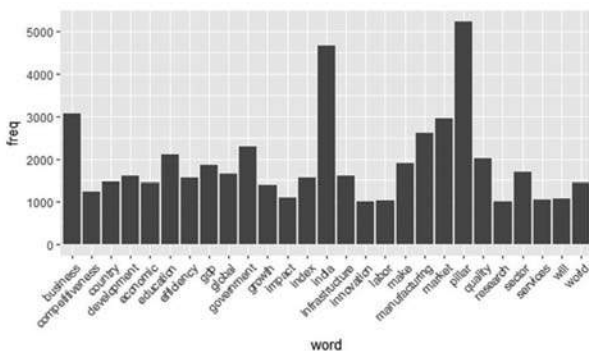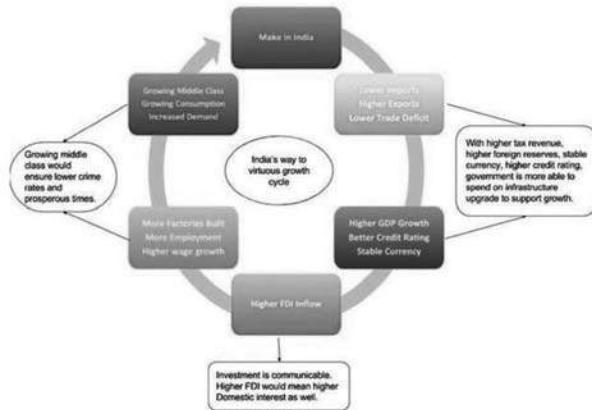
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Table A: Countries of sample collection

Country from which sample is studied	Number of Studies
U.S.A	34
Australia	4
India	2
Iran	1
Korea	1
Germany	1
Spain	1
U.K.	1
Netherlands	1
China	1
Taiwan	1
Total Studies	48

Appendix A: Classification of studies (Country wise on basis of sample)

Studies have classified on the basis of country of sample studied. Consumers of U.S.A. have been studied in the maximum number of studies in literature. Fewer numbers of studies have been conducted in east.

Word Tree More than 1000 words

Make in India - Exploring new horizons for sustainable Entrepreneurship

Ajay Kumar*

Abstarct: Make in India is a major new national programme of the Government of India designed to assist investment, promote innovation, augment skill development, protect intellectual property and build best in class manufacturing infrastructure in the country. The spotlight of Make in India programme is on 25 sectors. The present study is based on secondary data. The data has been extracted from various sources like research articles, publications from Ministry of Commerce, Government of India, various bulletins of RBI and authenticated websites. FDI stimulates country's economic development and creates more conducive environment for the industry to grow. Startups usually function on small teams with each one playing their respective parts, in a race against time, towards a common goal. As the startup begins to scale, the math of profitability and business, among other things, begins to increasingly consume time. However, en-route to becoming a scalable business, it is imperative to strike the right balance between sustainable growth and the company's culture.

1. Introduction

Make in India is a key novel national programme of the Government of India designed to support investment, promote innovation, enhance skill development, guard intellectual property and build best in class manufacturing infrastructure in the country. The key objective of this proposal is to entice investments from across the globe and reinforce 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. The Make in India programme is very noteworthy for the economic growth of India as it intends at utilizing the existing Indian talent base, creating further employment opportunities and empowering secondary and tertiary sector. The programme also aims at improving India's rank on the Ease of Doing Business index by remove the redundant laws and regulations, making bureaucratic procedures stress-free, making the government more

translucent, approachable and responsible.

"I want to tell the people of the whole world: Come, make in India. Come and manufacture in India. Go and sell in any country of the world, but manufacture here. We have skill, talent, discipline and the aspiration to do something. We want to give the world an opportunity that come make in India," Prime Minister of India, Mr Narendra Modi said while introducing the programme in his maiden Independence Day speech from the Red Fort on August 15, 2014. The initiative was officially introduced on September 25, 2014 by Mr Modi at Vigyan Bhawan, New Delhi, in the august presence of business giants from India.

The spotlight of Make in India programme is on 25 sectors. These include: automobiles, aviation, chemicals, IT & BPM, pharmaceuticals, construction, defence manufacturing, electrical machinery, food processing, textiles and garments, ports, leather, media and entertainment, wellness, mining, tourism

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and hospitality, railways, automobile components, renewable energy, biotechnology, space, thermal power, roads and highways and electronics systems.

2. Research Methodology

The present study is based on secondary data. The data has been extracted from various sources like research articles, publications from Ministry of Commerce, Government of India, various bulletins of RBI and authenticated websites.

3. Make in India: Advantage India

- Population of 1.31 billion out of which 767 million falls in the age group of 15-64 age group, and also set to become the youngest country with average age of 29 years by 2025

- 2nd largest Internet users base with 462 million Internet users.

- India has demonstrable capability to reach near 100% literacy level by 2025

- Considerable Upward mobility among all sections, more 150 million will be added to middle class by 2025 which will create Huge consumer market base of US$ 3.6 trillion by 2020 (BCG Report)

- 3rd largest economy in the world with size of US$ 8.6 trillion by purchasing power parity (PPP) and is expected to rise to US$ 20 trillion in size by 2025

- Fastest growing economy in the world with the rate of 7.6% in 2015-16

- India has an immediate investment opportunity of $1 trillion (Economic Times)

- India enjoys stable/positive ratings from major credit rating agencies around the globe and has a total foreign exchange reserves of US$ 371 billion as on 30th Sep 16

- 2nd largest Railway Network in the world, used by 23 million travelers every day

- 2nd largest Road Network in the world stretching 3.3 million km

- 12 major ports, 200 notified minor and intermediate ports

4. New Infrastructure

Drive economic growth and improve the quality of life of citizens by enabling industrial and urban infrastructure development

Industrialization and Urbanization

1. Industrial Corridors and 21 new nodal Industrial

Cities to be developed:
- Delhi-Mumbai Industrial Corridor (DMIC)
- Chennai-Bengaluru Industrial Corridor (CBIC)
- Bengaluru-Mumbai Economic Corridor (BMEC)
- Vizag-Chennai Industrial Corridor (VCIC)
- Amritsar Kolkata Industrial Corridor (AKIC)

These 21 new nodal cities will be having advantages like; Large land parcels, Planned communities, ICT enabled infrastructure, Sustainable living, Excellent connectivity- Road, Rail etc.

Delhi-Mumbai Industrial Corridor is a mega infrastructure project of USD 100 billion with financial and technical aids from Japan, covering an overall length of 1,483 km. Dedicated Freight Corridor (DFC) of 1504 km as the backbone, DMIC will intersect 7 states namely Delhi, Uttar Pradesh, Haryana, Rajasthan, Madhya Pradesh, Gujarat and Maharashtra

2. Doubling of Network of Roads by 2020 and Construction of 15,000 km new roads by 2017 is targeted under various projects

3. Railway projects such as Setting up of New Railway Stations, Modernization of Rolling stock, High Speed Railways, Port Mine connectivity etc. have been initiated for Modernizing and better connectivity of Indian Railways.

4. Eastern Dedicated Freight Corridor of 1840 km length and Western Dedicated Freight Corridor of 1504 km length is under construction as well as many projects are under planning stage.

5. Sagar Mala project is started by the Govt. of India to modernize India's Ports and Inland waterways so that port-led development can be augmented and coastlines can be developed to contribute in India's growth, providing a project outlay of US$ 10 billion

6. The Smart Cities Mission having a project outlay of US$ 7.69 billion is progressing, with Special Purpose Vehicles for 19 cities already set up.

7. Aviation industry with target of becoming 3rd largest by 2030 and to cater international and domestic traffic.

5. Make in India: New Design, Innovation and R&D

Investment in innovation and R&D offers large payoffs in terms of economic growth and competitiveness in global economy

1. 3rd largest tech driven Start-up ecosystem globally and Tech Startups in India are expected

to reach 11,500 in 2020 from 4,300 in 2015

2. "Start-up India" initiative was launched aiming at fostering entrepreneurship and promoting innovation by creating an ecosystem that is conducive for growth of Start-ups.

3. Intellectual Property Rights Policy launched in May 2016 is having salient features:

   • Strong TRIPS compliant policy framework, Ease of Access using World-class IT enabled patent offices

   • Internationally acclaimed systems for International Searching and Preliminary Examination of patent application

   • augmentation of Manpower: 721 additional technically competent Patent Examiners appointed

   • Time for examination of patents to come down to 18 months from 7 years by March, 2018

   • ime for examination of trademarks to come down to 1 month from 13 months by March, 2017

6. Make in India: Ease of Doing Business

Improved business processes and procedures open up new avenues of opportunities and create confidence among entrepreneurs as a result of which India moved up 12 places in the World Bank's Doing Business ranking 2016 released in October, 2015

   • Incorporation of a company reduced to 1 day instead of 10 days

   • Power connection provided within a mandated time frame of 15 days instead of 180 days

   • No. of documents for exports and imports reduced from 11 to 3

   • Validity of industrial license extended to 7 years from 3 years

   • Bankruptcy Code 2015 – New bankruptcy law, providing for simple and time-bound insolvency process to be operational by 2017

   • Goods and Services Tax – Single tax framework by April, 2017

   • Permanent Residency Status for foreign investors for 10 years

7. Make in India: Other Reforms

1. Online portals for Employees State Insurance Corporation (ESIC) and Employees Provident Fund Organization (EPFO) for

   • Real-time registration

   • Payments through 56 accredited banks

2. Online application process for environmental and forest clearances

3. Department of Commerce, Government of India has propelled Indian Trade Portal. Significant feature of this portal is to be a single point for pertinent information on measures other than tariff called the non-tariff measures like standards, technical regulations, conformity assessment procedures, sanitary and Phytosanitary measures which may affect trade adversely.

4. An Investor Facilitation Cell has been formed in 'Invest India' to guide, assist and handhold investors during the whole life-cycle of the business.

5. The Department of Industrial Policy and Promotion has also established Japan Plus and Korea Plus. They are special management teams to facilitate and fast track investment proposals from Japan and South Korea respectively.

8. Make in India : Major FDI Reforms

FDI encourages country's economic development and creates more conducive environment for the industry to grow.

1. **Defence:** Up to 49% under automatic route and above 49% through Government route

2. **Civil Aviation:** 100% FDI under automatic route in Greenfield Projects and 74% FDI in Brownfield Projects under automatic route beyond 74% for Brownfield Projects is under government route.

3. **Broadcasting:** New sectoral caps and entry routes are as under:

   • Broadcasting Carriage Services & down-linking of news channels: 100% FDI

   • Cable Networks: 100% FDI and in News channels: 49% FDI

4. **Banking:** FDI up to 74% with 49% under automatic route rest through government route

5. **Railways:** 100% FDI under automatic route permitted in construction, operation and maintenance of Rail Infrastructure projects

6. **Construction:** 100% FDI through automatic route and Removal of minimum floor area & minimum capital requirement

7. **Pharmaceuticals:** The extant FDI policy on pharmaceutical sector provides for 100% FDI

under automatic route in Greenfield pharma and FDI up to 74% under automatic route and 100% under government approval in Brownfield pharma.

8. **Plantation:** Certain plantation activities namely; coffee, rubber, cardamom, palm oil tree and olive oil tree plantations has opened for 100% foreign investment under automatic route.

9. **Telecom:** FDI up to 100% with 49% under automatic route

10. **Insurance & Pension:** FDI Policy has been reviewed to increase the sectoral cap of foreign investment from 26% to 49% with foreign investment up to 26% to be under automatic route.

11. **Medical Devices:** 100% FDI under automatic route for manufacturing of medical devices has been permitted.

12. **E-Commerce:** 100% FDI in B2B e-commerce, Single brand retail trading entity permitted for B2C e-commerce and e-commerce food retailing

13. **Retail:** 100% FDI and 49% under automatic route is allowed. In case of 'state-of-art' and 'cutting-edge technology' sourcing norms can be relaxed subject to Government approval. 100% FDI is now permitted under automatic route in Duty Free Shops located and operated in the Customs bonded areas.

9. Make in India: Three tips for entrepreneurs to attain balance between a company's culture and sustainable growth

Startups usually function on small teams with each one playing their respective parts, in a race against time, towards a common goal. As the startup begins to scale, the math of profitability and business, among other things, begins to increasingly consume time. However, en-route to becoming a scalable business, it is imperative to strike the right balance between sustainable growth and the company's culture.

While it may sound simple, the process of a startup metamorphosing into a mature business includes volatility in the pursuit of ambition. This strive to be successful at all costs along with the initial euphoria makes it a little complicated to keep track. Oftentimes, entrepreneurs understand the importance of acquiring and managing talent, the flag-bearers of a company's positivity and energy but are unable to – for multiple reasons – invest time and effort in nurturing this.

Work culture goes beyond designer offices with sleep pods, recreational spaces and free food and beverage. Culture, whether in a startup or not, is something that founders either discover or craft and foster as the pulse of their organisation. So while business begins to hit the path of success and plan out sustainability, here are a few things to shape great work culture.

10. Bringing life to a company's culture

Sometimes, an organisation's "culture" is reduced to little more than just a buzzword by founders. A founder's vision is what gives birth to and shapes organisational culture which harnesses the purpose, ethics, values and principles of the business. It goes beyond just adding definition to these – it brings life to them. For example, while recruiting, it is undoubtedly important to on-board candidates of competence. However, the candidates should also display the values, et al – therefore giving business milestones and value-life equal importance, as much as possible.

11. Work culture where everyone is an entrepreneur

While individual objectives vary depending on individual functions, all employees are required to come together to collaborate in pursuit of an overall common objective. Therefore, growth should not disturb a firm's agility to do that. The entrepreneurial mindset of employees, within their respective roles, should be nurtured irrespective of an organisation's size and scale. Team structures, control, decision-making and accountability need to be reviewed intermittently so as to avoid dabbing in a bureaucratic approach and loss of democracy within the firm.

12. Upskilling, learning and development

Encouraging members across functions and levels to have an entrepreneurial approach not only makes for ownership of duties but also fuels inquisitivity – leading to upskilling. In a startup environment of limited human resource and lack of man-power, upskilling and learning is a constant. Big businesses and corporates invest in various learning and development programmes (L&D programmes) for their employees. However, not all startups may have the funds to afford this, initially. Many successful startups have invested early on in their life-cycle through time instead of budgets for development programmes. Online and offline programmes help define skills required for leadership roles to the employees. They are also good tools to retain

employees and identify evangelists or example-setters at the workplace. Revenues and profits are often the cause of celebration for a business, however, it is the people that make these successes possible. Therefore, presenting them with opportunity programmes alongside recognition helps with sustainable growth.

13. Making India's urban boom inclusive and sustainable

When the United Kingdom became the first country in the world to undergo large-scale urbanization in the nineteenth and early twentieth centuries, the process transformed its economy and society. Today, India is facing a similar transformation, only it is happening at 100 time the pace. By 2030, India's urban population will reach 600 million people, twice the size of America's.

14. Conclusion

Making India's urban boom inclusive and sustainable

For India, rapid urbanization is particularly vital to enable the country to take full advantage of the demographic dividend afforded by its young population. With 12 million more people joining the country's labor force every year, the potential of that dividend is huge.

As the urbanization process continues, connectivity, proximity, and diversity will accelerate knowledge diffusion, spark further innovation, and enhance productivity and employment growth.

For all of its benefits, however, rapid urbanization also poses enormous challenges, from managing congestion and pollution to ensuring that growth is inclusive and equitable. As a latecomer to urbanization, India will benefit from technological innovations – including digital technologies, cleaner energy, innovative construction materials, and new modes of transport – that will enable it to leapfrog some of its more developed counterparts.

But taking advantage of those technologies will require effective policies, including smart infrastructure investments and measures to make cities more competitive, particularly in modern industries.

Making its cities more competitive will require India to decide whether to emphasize specialization (with an industry concentrated in a particular city) or diversification (with each city home to a range of industries, roughly in line with the national average). This is no easy choice: the debate over which approach is better has been raging for nearly a century.

In 1991, around the time India's economic liberalization began, the country's cities tended toward specialization. But, in recent years, there has been a notable shift toward diversification, with some major urban centers, like Mumbai and Bangalore, experiencing the largest and fastest shifts away from specialization.

Specialization tends to be much higher in traditional industries than in modern industries. Though some modern industries – like office accounting and computing machinery, and radio, television, and communication equipment – tend to be located in more specialized districts, roughly three-quarters of Indian districts with higher specialization levels rely on traditional industries.

Of India's 600 districts, those that remain the most specialized are Kavaratti (water transport), Darjiling (paper products), Panchkula (office accounting and computing machinery), and Wokha (wood products).

Though India's specialization levels were much higher than those in the United States in the early 1990s, the two countries have converged over time. All of this suggests that, as technology continues to advance, so will diversification – a trend that will shape future urbanization patterns in India.

This bodes well for employment, because more diversified cities and districts tend to experience greater job growth. Initial clusters of modern services have also experienced abnormally high employment growth since 2000.

And there's more good news: the strongest job gains due to diversification are occurring in rural areas and among small enterprises, suggesting that India's urbanization can bring inclusive growth and prosperity. Evidence also shows that high growth rates, which support poverty reduction, are concentrated in the rural areas of particular districts.

Access to better infrastructure will enable millions more entrepreneurs, especially women, to benefit from the country's urban awakening.

Taking full advantage of these positive trends, however, will require India to boost infrastructure investment. Despite a slowdown in the manufacturing sector's growth – a trend mirrored in much of the rest of the world – urbanization has continued to accelerate in India, especially in districts with access to better infrastructure.

In the developing world, a billion people lack access to electricity and roads, and more than a half-billion lack reliable access to safe drinking water. Addressing these deficiencies is critical to

development – and India is no exception.

Make in India: Access to better infrastructure

Access to better infrastructure will enable millions more entrepreneurs, especially women, to benefit from the country's urban awakening. The key to success will be to improve the efficiency of public spending, while attracting more private investment.

There is certainly an economic incentive for private actors to channel their money toward developing-country infrastructure. After all, high-income countries, where populations are aging rapidly, often have an excess of savings ready to be allocated to high-yield investments. Lower-income countries, with their younger populations and large infrastructure needs, provide just such opportunities.

As it stands, however, less than 1 per cent of the $68 trillion managed by pension funds, life insurance companies, and others are channeled toward infrastructure projects. And, given the low risk appetite among investors, not to mention the small size of city-level projects, municipal governments will struggle to raise that share.

But it isn't impossible. What is needed is visionary leadership at the local level, with municipal governments identifying infrastructure projects that promote entrepreneurship, increase their cities' competitiveness, and promote regional development by strengthening urban-rural connectivity.

Those governments should also leverage their assets, including land; mobilize user revenue; and modify financial regulations and incentives to increase investors' risk appetite. Add to that greater technical and financial capacity, and it would become much easier to attract the needed private funds and build partnerships benefiting India's urban transformation.

India has all of the tools it needs to advance its urbanization process in a way that promotes inclusive and sustainable growth. It must use them wisely.

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Festering Issue of Bad Loans in Public Sector Banks: A Major Challenge for New India

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Abstract: Latest data released by World Bank for 2017 indicate that India has emerged as the world's sixth-biggest economy and it has muscled past France. India's gross domestic product (GDP) was recorded at $2.597 trillion at the end of 2017, compared to $2.582 trillion of France in the same period. If we cast our eye at Asian figures, as per the report of Asian Development Bank, India's share in GDP of Asia and Pacific Region has become 17.3% in 2017 from 14.6% in the year 2000 which is commendable. These figures along with the escalated position of India in terms of different indexes and rankings ratify the making of a new India. Amidst these positive indicators of progress and prosperity, the New India is encircled with various challenges like sustained fall in value of rupee, rising petroleum prices and mammoth NPAs of public sector banks to name a few. Present article makes an attempt to discuss the composition and direction of festering issue of bad loans in state owned banks and intends to offer suggestions to overcome them.

1. Introduction:

As per the growth rate estimates of International Monetary Fund (January 2018), Indian economy has emerged as one of the fastest growing economy for the coming two years. As per the report the growth rate of Indian economy is expected to be 7.4% in 2018 and 7.8 % in 2019 which is almost double than global growth rate of 3.9%.

Global Index of Talent Competitiveness 2018 rates India at 81st position which was 92nd in the year 2017. This jump of 11 points is a matter of pride for India and it indicates that the talent competitiveness of India is recognized globally.

If we talk of trust and confidence of people in government functioning, India is ranked among top three countries in the world (Global Trust Index,2018) and after China and Indonesia India has established herself at a respectable position.

Business optimism Index 2018 released by Grant Thornton ranks India at 7th and Forbes places India at 62nd position interms of Best Countries for Business in World. While ease of doing business ranking published by World Bank approves that India has made a giant leap from 130th position in 2016 to 100th position in 2017, the report, highlights that India has improved in 6 out of 10 indicators of world bank's Doing Business Report 2018. If we take Global Economic Freedom Index published by American Think-Tank, India has bagged 130th position. PwC in its survey of Most Attractive Market for Investments –Survey of CEOs ranked India at 5th Position and AT Kearney has placed India at 11th position in its FDI Confidence Index.

Improving position of India in all these ranking are adequate to believe that world is witnessing the emergence of a New India which is now full of growth potential and competitiveness in place of an earlier image of a slow and protectionist economy. Amidst these positive indicators of progress and prosperity, the New India is encircled with various challenges like sustained fall in value of rupee, rising

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petroleum prices and mammoth NPAs of public sector banks to name a few.

If we look at NPAs, as per RBI estimates Bad loans of Public Sector Banks was estimated to be Rs. 7.34 Lakh Crores in the year 2017 (September 2017) and majority of this loss was attributed to corporate defaulters. On the Contrary, the NPAs of private sector banks were recorded significantly lower at Rs. 1.03 Lakh Crore. Among public sector banks, State Bank of India recorded the highest amount of NPAs at Rs 1.86 lakh crore followed by Punjab National Bank (Rs 57,630 crore), Bank of India (Rs 49,307 crore), Bank of Baroda (Rs 46,307 crore), Canara Bank (Rs 39,164 crore) and Union Bank of India (Rs 38,286 crore) respectively. If we talk about private sector banks, ICICI Bank emerged to have the highest amount of NPAs at Rs 44,237 crore by the end of September, followed by Axis Bank (Rs 22,136 crore), HDFC Bank (Rs 7,644 crore) and Jammu and Kashmir Bank (Rs 5,983 crore).

2. Understanding the Composition of NPAs :

In order to understand the ground reality, it is very important to understand the composition of NPAs of public sector banks. RBI data reported as on 31st March 2017 indicate that Corporate Sector accounts highest i.e. 73.33% of Gross NPAs followed by agriculture (8.89%), Service (13.21%) and Retail (3.71%) respectively.

Table1: Composition of Loans of Public Sector Banks and their share in Bad Loans

Category	Share in Total Loans	Share in Gross NPA (%)
Industry	37%	73.33%
Agriculture	40.17 %	8.89%
Services		13.21%
Retail	22.83%	3.71%

Source: Reserve Bank of India, March 31st 2017.

If we analyze the situation, apparently it seems that while sanctioning corporate credit the risk assessment done by public sector banks are essentially inadequate which results into business failures and default in payment by companies. On the contrary, the retail loans such as auto loan, home loans and personal loans have a better repayment track. The key reason for rising NPAs of PSBs can also be attributed to their substantial exposure into corporate loans (where NPA % is more than 70%) which is 50% or more and very nominal exposure to retails loans (where NPA % is only 3.71%) which is around 15%.

A more closer look at the composition of advances confirmed that within the industry big business houses accounted for a bigger chunk of NPAs.

Steps by the Government: Government has taken following steps to curb the rising NPAs of Public Sector Banks:

- **Learning from the Composition of NPAs:** Taking clue from the composition of NPAs of PSBs Government has instructed smaller banks to reduce their corporate loan exposure to either below 40% by March 2019 or by at least 15% from the September 2017 level.

- **Infusion of Cash:** At the onset of the year 2018, government of India announced a reform roadmap for public sector banks and detailed the infusion of fund amounting to rupee eighty thousand crore raised via recapitalization bonds among 20 public sector banks by March end. As per the plan eleven weak banks were to be given Rs. 52,311 crore in order to maintain their minimum capita requirement whereas nine strong banks also got Rs. 35,828 Crore. Eleven weak banks are currently under the Prompt Correction Action (PCA) of RBI which will ensure the compliance of regulatory norms such as minimum capital, amount of NPAs and return on assets. Capital allocation to different public sector banks can be observed from the following table :

Table 2: Capital Allocation to Public Sector Banks & their Respective NPA Share

Name of the Bank	Amount (in Rs. Crore)	Gross NPA (in %)
IDBI Bank	10610	24.98%
Bank of India	9232	12.60%
UCO Bank	6507	19.74%
Central Bank of India	5158	17.27%
Indian Overseas Bank	4694	22.73%

Source: Ministry of Finance, NPA data from Stock Exchanges, published in The Indian Express, Thursday, January 25th,2018, Pg.1-2, New Delhi Edition.

The figures indicate that IDBI bank, which had highest Gross NPA % ;i.e. 24.98% received the highest capital infusion of Rs. 10610 crore followed by bank of India receiving Rs. 9232 crore and State Bank of India having Gross NPA rate of 9.83% infused with Rs. 8800 crore. The government was of opinion that higher amount was allotted to weak banks in order to ensure that they meet regulatory requirements.

Table 3: Capital Allocation to Banks Under RBI's Prompt Corrective Plan (PAC)

Name of the Bank	Amount (in Rs. Crore)	Gross NPA (in %)
Oriental Bank of Commerce	3571	16.30%
Dena Bank	3045	17.23%
Bank of Maharashtra	3173	18.50%
United Bank of India	2634	18.80%
Corporation Bank	2187	15.28%
Allahabad Bank	1500	14.10%
Total	52311	

Source: Ministry of Finance, NPA data from Stock Exchanges,

Published in The Indian Express, Thursday, January 25th,2018, Pg.1-2, New Delhi Edition.

Table-4: Capital Allocation to Banks NOT Under RBI's Prompt Corrective Plan (PAC)

Name of the Bank	Amount (in Rs. Crore)	Gross NPA (in %)
State Bank of India	8800	9.83%
Punjab National Bank	5473	13.30%
Bank of Baroda	5375	11.16%
Canara Bank	4865	10.50%
Union Bank of India	4524	12.35%
Syndicate Bank	2839	9.39%
Andhra Bank	1890	13.27 %
Vijaya Bank	1277	6.17%
Punjab & Sind Bank	785	11.25%
Total	35828	

Source: Ministry of Finance, NPA data from Stock Exchanges, published in The Indian Express, Thursday, January 25th, 2018, Pg.1-2, New Delhi Edition.

Along with the infusion of funds government also announced a set of measures to monitor `the asset quality of the banks including 'Specialized Monitoring' by the agencies for corporate loans of more than Rs. 250 Crores.

Asset Quality Review: In the Year 2015 Reserve Bank of India initiated its Asset Quality Review in order to ensure fully provisioned balance sheet by March 2017. This step for transparent recognition of bad loans revealed the real picture of stressed assets in the economy. To exemplify the revelation, we can say that in terms of Gross NPA ratio for large industry as at 31st December 2017, IDBI bank had a ratio of 42.69% followed by SBI 25.09%, Allahabad Bank 36.94%, Bank of Maharashtra 36.58%and ICICI

Bank 20.83% respectively. On the other hand, if we look at the data of private sector bank HDFC for the same period, we find that HDFC being focusing on retail loans they recorded Gross NPA ratio of merely 0.74% for large corporate loans.

Merger of Banks: In order to scale up and bring reforms in the ailing public sector bank, government of India had initiated the consolidation of banks with the merger of five associate banks of State Bank of India with itself in the recent past. Apart from moving with the proposal of LIC to acquire majority stake in IDBI, recently Government has proposed the amalgamation of three public sector banks viz; Bank of Baroda, Vijaya Bank and Dena Bank to create the third largest bank in terms of total business with an expected Net NPA ratio of 5.71%.

3. Present Situation:

As per the latest Financial Stability Report (June 2018) released by Reserve bank of India, stress in the banking sector is expected to continue because of further increase in gross non-performing advances (GNPA). Profitability of Scheduled Commercial Banks has declined, partly reflecting increased provisioning. While this has added pressure on SCBs' regulatory capital ratios, the provision coverage ratio has increased.

As per the report the Macro-stress tests signify that under the baseline scenario of current macroeconomic outlook, SCBs' GNPA ratio is expected to increase by more than 0.50% recording it from 11.6 per cent in March 2018 to 12.2 per cent by March 2019. The system-level capital to risk-weighted assets ratio (CRAR) may come down from 13.5 per cent to 12.8 per cent during the period; eleven public sector banks under prompt corrective action framework (PCA PSBs) may experience a worsening of their GNPA ratio from 21.0 per cent in March 2018 to 22.3 per cent, with six PCA PSBs likely experiencing capital shortfall relative to the required minimum CRAR of 9 per cent.

The burden of these bad loans is to be borne by India's public sector banks. For instance, Punjab National Bank in the quarter of June reported gross NPAs of 18.3%, slightly lower than the 18.4% it reported in the March quarter. If we talk about India's largest lender,State Bank of India, it had a gross NPA ratio of 10.9% in the last quarter. As on March 2018, the gross NPA ratio of all public sector banks stood at 15.6%. For March 2019, RBI has projected this to be between 16.3% (baseline scenario) and 17.3% (severe stress scenario).

4. Conclusion: Despite the series of efforts and

initiative by the Government, the ailment of public sector bank (s) does not seem to improve, at least the data speaks so. The Composition and direction of bad loans of PSBs clearly indicate the root cause of the problem; i.e. default by corporate entities and it can only be controlled when our banking system eliminates governance deficit and successive government stops pussy- footing.

If public sector banks could control their festering bad loans, the resources of our country, in place infusing them in ailing banking sector, could be used for adding new horizons to the making of New India.

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Predicting sectoral Loan Defaults in SMES at NBFCs Using Altman Z Score

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Abstract: In the era of SME sectoral reforms, a major bottleneck in growth parameters is the lack of financing by the NBFCs. The solvency or risk adjusted performance evaluation is the key determining factor in terms of solvency by a sound methodological tool,Z score is invariably a strong tool to measure credibility of the SME/MSME firms being financed. This study tries to examine the strength of credit portfolios by the major NBFCs of India by the means of Altman Z core model of bankruptcy over the period of 2012-2016. Both parametric and Non-parametric tools have been applied. The study tries to observe the Z score for predicting bankruptcy in the SME / MSME across 24 NBFCs among the Auto, Housing, Micro finance, Gold and Infrastructure sectors. It is observed that the sector performance has a direct impact on the health of the NBFCs catering to the particular sector. Also the performance of NBFCs in a particular sector showed similar performance as its competitors.

Key Words: Probability of Default, Credit monitoring arrangements, Non-performing assets, Bankruptcy, Net loan value.

1. Introduction

For the overall economic development and efficiency, financial stability cum sound health is becoming imperative in the Indian banking system and the NBFCs. The macro financial linkages and micro level sources of asset quality in the past years have deteriorated and demonstrated rising incidents of loan defaults in infrastructure, power,retail, SSI and nearly all across the NBFCs. The soundness of the NBFCvis-a-vis credit delivery and transmission are reflection of growing NPA and reflect potential indicator for assessment of financial health in the non-banking financial sector.

These problems prey the weak firms which are more vulnerable on account of capital and thus make the system prey to unanticipated losses. Asset quality (deposits and lending rates), rapid credit expansion vis-a-vis NPA at the gross level depict bankruptcy in the Indian financial sector. As such there is a paramount need to improve the asset quality which in turns improves profitability and efficiency of the system.

The concept of bankruptcy thus arises due to bad loans.

Shim (2000: 203-204) says that bankruptcy is a statement saying that a firm is no longer capable of maintaining its businesses because of its current debts. Ventura, 2004: 5 defines bankruptcy as a constitutional right to protect from reference condition of credit. It allows consumers and companies to start over when they owe more money than they make and became unable to pay their debts.

Depending on the kind of bankruptcy filed most debts due to be paid by consumers or companies are to be written off; debts may also be reorganized to enable consumers and companies to pay their creditor, in return for a new financial start. Yet, the consumer or the company may be forced to give some of his/it assets to creditors.

Santos et al, (2006: 350) defines bankruptcy as a state

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in which a company's commercial businesses are incapable of meeting its debt obligations even when required to do so by a court order, and debts can only be paid through reorganizing the company's debts or liquidating its assets.

The Government of India introduced the Insolvency and Bankruptcy Code (IBC) in 2016.

The Code outlines separate insolvency resolution processes for individuals, companies and partnership firms. The process may be initiated by either the debtor or the creditors. A maximum time limit, for completion of the insolvency resolution process, has been set for corporates and individuals. For companies, the process will have to be completed in 180 days, which may be extended by 90 days, if a majority of the creditors agree. For start ups (other than partnership firms), small companies and other companies (with asset less than Rs.1 crore), resolution process would be completed within 90 days of initiation of request which may be extended by 45 days.

The RBI recently asked the banks to file cases against the 12 big loan defaulters under the Insolvency & Bankruptcy Code (IBC). The 12 companies accounts for 25% of the bank bad loans.

1.1 Credit Risk Management

It refers to the risk of default or non-payment of financial obligations. Rating agencies qualify this risk through a system where AAA-rated security is considered to have negligible risk of non-payment. As you move down the credit curve—AA, A, BBB and so on—the risk of default increases in a linear manner.

Credit analysis itself can include a number of activities such as doing a due diligence of the company's financial statements, meeting the management, assessing 3-5-year cash flows and understanding the industry and economic environment a company operates in. The typical pecking order is to first understand the financials of a company, and then management quality—both at a group level and of an individual company. Once that's done, the security and collateral to be attached to each deal is decided. Collateral essentially refers to the assets that a borrower offers as security against a structured payment or a loan wherein the risk of default on a debt that may arise from a borrower failing to make required payments. At the first instance, the risk is that of the lender and includes lost principal and interest, disruption to cash flows, and increased collection costs. Secondarily the loss may be complete or partial.

Risk management would mean recognition of all possible risks in the particular business and examining its impact on cash flow, then prioritize them to manage at micro or macro level and begins with,

- Risk identification
- Risk measurement
- Risk monitoring and control
- Risk mitigation

2. Review of literature

E. I. Altman, (1968), "Financial ratios, discriminant analysis, and prediction of corporate bankruptcy," Journal of Finance, vol. 23, no. 4, pp, proposes the basic Z score model and the need to identify the potential bankruptcy that could be filled by the firm in next one or two years. Paving the way forward for the bankruptcy study, he puts forward the Z score model to calculate the probable chances of a firm filing bankruptcy using various financial ratios to bring in key figures such as working capital, net sales and profit and total assets. Studies carried out by Altman used financial ratios to predict occurrence of bankruptcy and he was able to predict 94% correctly one year before bankruptcy occurred and 72% two years before its actual occurrence. With quite a good number of researches published in the area, bankruptcy still remains a very new topic.

E. G. O'Leary, Business Failure Prediction and the Efficient Market Hypothesis, Simon Fraser University, November (2001) points that prediction of bankruptcy of a firm is probably one of the most difficult yet important business decision-making problems. During the last 4 decades, the premise of company failure prediction has developed to a major research domain in corporate finance M. Argenti, Financial Ratios as Predictors of Failure, Empirical Research in Accounting: Selected Studies, University of Chicago, Chicago, pp. 71-111, (2003). Beaver and H. William, "Market Prices, financial ratios, and the prediction of failure," Journal of Accounting Research, pp. 179-192, autumn (1968) points out the importance of financial ratios as a major input for the prediction of a failure of the firm. Academic researchers, statisticians and industry experts from all over the world have been developing number of models to capture the probability of corporate failures.

E. I. Ahn, "Financial Ratios, Discriminant Analysis and the Prediction of Corporate Bankruptcy," Journal of Finance, pp. 589-609, (2000) makes the assertion that most business failures are caused by bad or poor

management but at the same time financial standings are the first indication for a major failure of firms.

Jasvinderkaur, Performance Evaluation of Gold Loan NBFCs using CAMEL Model,Pacific Business review international, June (2016),pointed out that there is not much difference in asset quality among gold NBFC but there is a significant statistical difference among the gold NBFC when it comes to Capital Adequacy ratio, Debt equity ratio and management efficiency.

Ketan Mulchandani, Impact of Macroeconomic variables on profit of listed gold loan companies in India, IJRCM, May (2016),studied how the GDP, inflation, and real interest rate affected the financial performance of a gold NBFC. Using regression model it was seen that all three had a positive correlation with profitability of NBFC.

Studies measuring the effectiveness of the Z-score K. Thynne, "Test of the generalizability of Altman's bankruptcy- Prediction model," Journal of Business Research, pp. 53-61, (2006) have shown that the model has 70%-80% reliability. Dr. Mahmood Fahad Abd Ali & Dr. Ali Abdulhassan Abbas, Companies Bankruptcy Prediction by Using Altman Models and Comparing Them (2015) also tries to make use of Z score prediction model for various firms'.

Santanu Kumar Das, "Performance and Growth of Non-Banking Financial Companies as Compared to Banks in India", "International Journal Of Multifaceted And Multilingual Studies", March (2016) – NBFCs contribution is increasing in the economy and they are becoming an alternative to the mainstream banking. NBFC sector has been granting loan almost 58% to the infrastructure sector in comparison to the volume of credit granting by the banks.

3. Objectives of the Study

Keeping in view the status of investment Bankers and NBFCs post subprime crisis and the turmoil in the financial sector could cause major ups and downs and various current scenario the authors found various lags in the review of literature. To ensure that these situations don't repeat in future, central banks and other institutions such as Basel Committee on Banking Supervision have tried to reform the current practices. Over the years various norms have tried to maintain the robustness of the banking and financial sector for the benefit of economy. It would be essential to evaluate whether the Indian NBFCs are prone to bankruptcy. With the Government of India passing the Insolvency and Bankruptcy Code in 2016 and the RBI issuing order to the bank to

file case against the 12 big companies in India for recovery of bad loans, it is essential to analyse the strength of various NBFCs in market. This study fancied the authors analysis of the Z scores of 24 NBFCs spread across five different sectors in India. The objectives of the paper thus are :

• To examine the strength of select Indian NBFCs with help of Altman Z score tool

• To identify the difference between the Altman z scores of Indian NBFCs serving Auto, Housing, Microfinance, Gold and Infrastructure sectors spanning from 2012-2016

4. Methodology

This study employs the data for NBFCs for a period spanning 5 years starting from 2012 – 2016. In order to study the proneness of NBFCs to bankruptcy,certain factors represented by variables where picked from the financial statements of selected NBFCs.

Statistical Model: Altman Z score Model for Bankruptcy

Professor Edward Altman in 1968 developed a model to provide an insight to the investors about the strength of the various institutions. Altman Z score is a statistical tool which could help in assessing the probability of the bankruptcy of the firm. This tool has been widely used to analyse and comment about the company's financial health and helps in establishing the likelihood of Bankruptcy by the company in the next 1 or 2 years given the present financial standing of the company.

Altman applied the discriminant analysis to derive the equation that could be utilized to differentiate the company and classify into safe, grey and distress zones. Later on additional and modified Z score model were developed for private manufacturing companies and other non-manufacturing firms. The calculations were entirely based on the financial statements of the company which give a true reflection of the standings since the data depicts its true value and has not been assumed as is the case with many other models.

Means of measurement

Altman models for companies' bankruptcy prediction were used. These models are:

A. Z-Score Model: According to this model, bankruptcy was calculated by the following formula (Shim, 2009: 191) and (Anjum, 2012: 214):

Z-score = 1.21 $(x1)$ + 1.41 $(x2)$ + 3.3 $(x3)$ + 0.6 $(x4)$ + 0.999 $(x5)$

Where:

X1 = working capital / total assets

X2 = retained earnings/ total assets

X3 = profit before interest and tax / total assets

X4 = market value of equity / debt book value

X5 = sales / total assets

B. **Zeta Model:** According to this model, bankruptcy was calculated by the following formula (Anjum, 2012: 214); (Pitrova, 2011: 67); (Karas et al, 2013: 2014)

• For analysing private Firms:

Zeta: 0.717 (x1) + 0.84 (x2) + 3.107 (x3) + 0.42 (x4) + 0.999 (x5)

Where:

X1 = working capital / total assets

X2 = retained earnings / total assets

X3 = Profit before interest and tax / total assets

X4 = market value of equity / liabilities book value

X5 = sales / total assets

C. **Z3 Modified Model:** According to this model, bankruptcy was calculated by the following formula (Edwards, 2004: 142); (Caouette, 1998: 121) and (Anjum, 2012: 215)

For Non-Manufacturing Service firms:

Z3 = 6.56 (x1) + 3.26 (x2) + 6.72 (x3) + 1.05 (x4)

Where:

X1 = working capital / total assets

X2 = retained earnings / total assets

X3 = Profit before interest and tax / total assets

X4 = market value of equity / liabilities book value

Since, the study involves the analytical study of non-banking financial sector, hence Z3 modified model has been employed for checking the bankruptcy of all the 24 NBFCs. The calculated Z score is evaluated against the benchmark values which are as follows:

Altman's Benchmark Value:

Default Group Z<1.1   **Low Value Group**

Grey Group 1.1<Z<2.6   **Grey Zone Group**

Non- Default Group Z>2.6   **High Value Group**

X1: Ratio represents working capital to total assets.

It is frequently found in the studies dealing with corporate problems. It measures corporate liquidated net assets close to total capitalization. Working capital is defined as the difference between current assets and current liabilities. Size and characteristics of liquidation are considered "disclosed", since a company suffering from operational losses will shrink its current assets relative to total assets "from the three existing liquidation ratios". This alone is most valuable. Listing this variable consists with Merwin's study which classifies this measurement as the best one.

X2 = Ratio represents retained profit to total assets.

It measures accumulative profitability over time. Company's life-time is implied in this ratio. Recently-incorporated companies may show a decrease in retained profits relative to total assets, since they wouldn't have enough time to build accumulative profitability. Consequently, recently-incorporated companies oppose such analysis. Their chance to be classified as bankrupt is relatively higher than older ones, other factors being the same.

X3: Ratio represents profit (earnings) before interest and tax to total assets

It measures real productivity of corporate assets. It depends on earning power of corporate assets. Bankruptcy occurs when total liabilities exceed fair assessment of company's assets "with a value determined by earning power of corporate assets".

## X4: Ratio represents market value of equity to book value of total debt.

Equity is measured via market value of all preferred and common stocks. Debt includes what is short term and long term. The measurement shows us how corporate assets may reduce value (measured by market value of equity in addition to debts). This is before liabilities exceed assets and a company became bankrupt. This index is more effective in measuring bankruptcy. There are more common similar ratios; e.g., net value to total debt (book value).

X5: Ratio represents sales to total assets.

It is turnover ratio. It demonstrates the ability to generate sales from corporate assets. It measures management's ability to deal with competitive conditions. It is a very important ratio since it accounts for the model's ability to differentiate/discriminate.
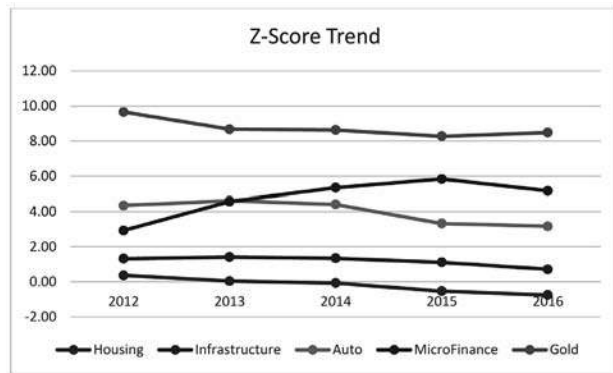
5. Analysis

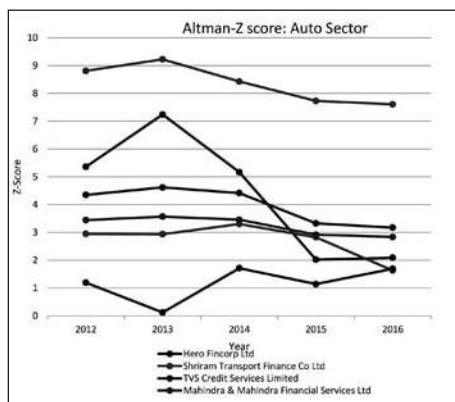### Chart 1.Average Z score (2012-2016)
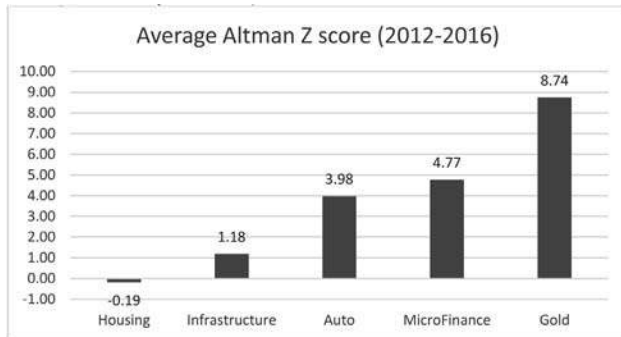
Source: Authors' compilation

The average Z score of the chosen 24 NBFCs are analysed. It is observed that the NBFCs catering to the housing sector have a lower Z score as compared to other sectors. The health of NBFCs serving the infrastructure sector is also in the "Default group" or the "Low value group". The Auto, Microfinance and Gold sector serving NBFCs showed good performance.

Also a trend is observed that with subsequent years the Z score of most of the selected NBFCs have decreased. This signifies that the NBFCs are getting exposed to increased risk in their portfolio.
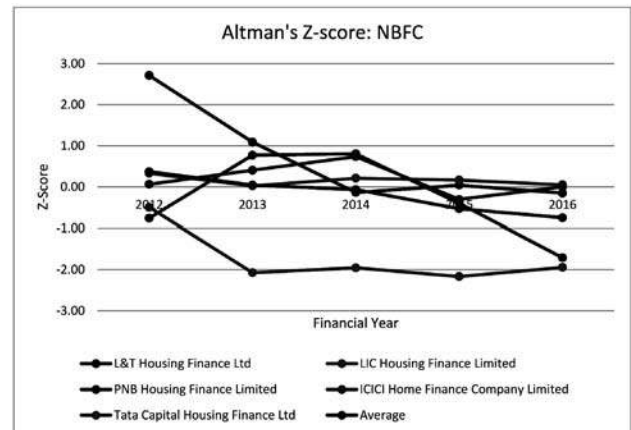

Chart 2.Analysis of Auto Sector NBFCs

Source: Authors' compilation

The average Z score of all the NBFCs catering to the auto sector is 3.98 which comes under the "Non-Default Group". The outlier among the group is TVS Credit Services Limited which has a Z score of 1.74 and comes under the "Grey Zone".
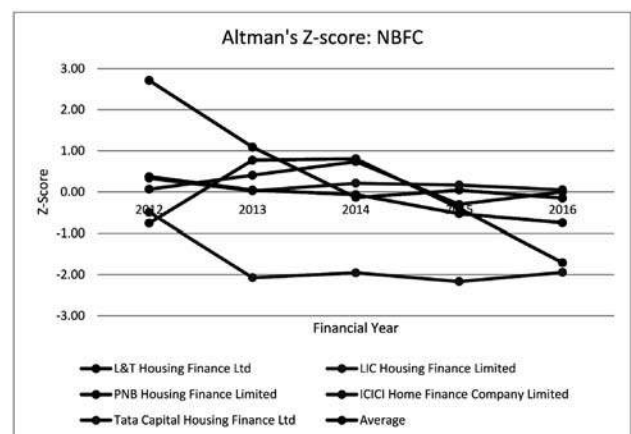
Chart 3. Analysis of Housing Sector NBFCs

Source: Authors' compilation

The Housing sector serving NBFCs are the worst performer and showed the lowest Z scores across all the five analysed companies. It is also observed that the performance is getting worse each year and is on the declining mode.
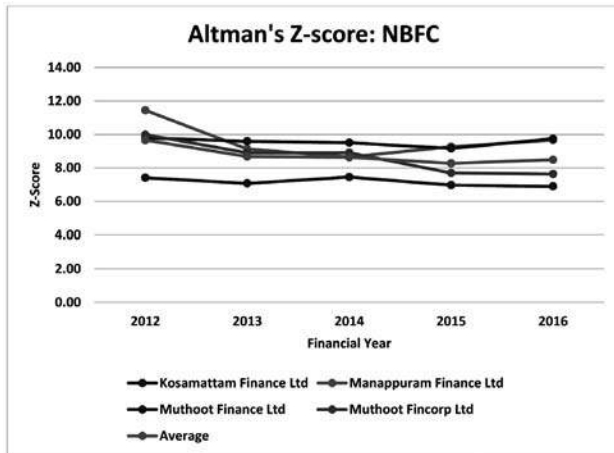
Chart 4. Analysis of Microfinance Sector NBFCs

Source: Authors' compilation

The average Z score of all the NBFCs catering to the microfinance sector is 4.77 which comes under the "Non-Default Group". The outlier among the group is Utkarsh Micro Finance Pvt Ltd which has a Z score of 0.77 and comes under the "Default Zone".
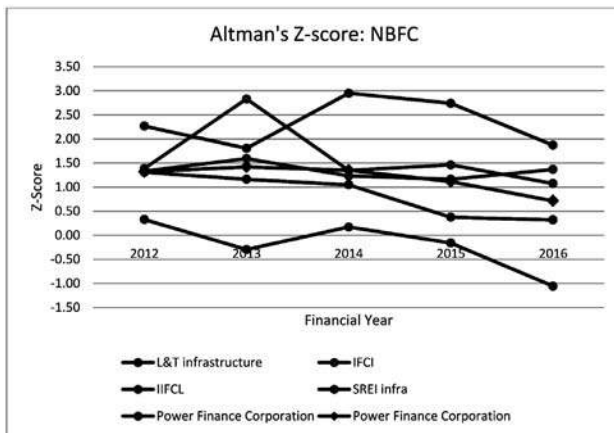
Chart 5. Analysis of Gold Sector NBFCs

The average Z score of all the NBFCs catering to the gold sector is 8.74 which comes under the "Non-Default Group". The companies in gold loan have strong future outlook and belongs to the High Value Group.

Chart 6. Analysis of Infrastructure Sector NBFCs

The average Z score of all the NBFCs catering to the infrastructure sector is 1.18 which comes under the "Default Group". The sector performance has degraded due to slow down of Indian economy during 2012-2106. However after various initiatives taken by the new government in 2014 the sector is expected to improve its performance and hence the performance of the NBFCs also sets to improve.

6. Conclusion

This study helps us in understanding the current position of the various NBFCs of India. The study shows that all the NBFCs catering to a particular sector shows the similar result and hence the performance of a NBFC is determined by the sector that it is catering to. The worst performers are the housing and the infrastructure sectors in India.

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Appendix
1. Calculated Z score for the all the selected NBFCs 2012 to 2016

	2012	2013	2014	2015	2016	Average
Hero Fincorp Ltd	5.36	7.24	5.17	2.02	2.09	4.38
Shriram Transport Finance Co Ltd	2.95	2.94	3.30	2.83	1.63	2.73
TVS Credit Services Limited	1.19	0.12	1.71	1.14	1.69	1.17
Mahindra & Mahindra Financial Services Ltd	3.44	3.57	3.46	2.92	2.84	3.24
Sakthi Finance Limited	8.81	9.22	8.43	7.73	7.61	8.36
L&T Housing Finance Ltd	2.71	1.09	-0.14	0.04	-0.15	0.71
LIC Housing Finance Limited	0.33	0.02	0.21	0.17	0.05	0.16
PNB Housing Finance Limited	-0.76	0.77	0.81	-0.40	-1.71	-0.26
ICICI Home Finance Company Limited	0.06	0.41	0.74	-0.30	0.00	0.18
Tata Capital Housing Finance Ltd	-0.50	-2.07	-1.96	-2.17	-1.94	-1.73
Asirvad Microfinance Pvt Ltd	9.18	6.38	6.35	6.66	6.01	6.92
Bharat Financial Inclusion Ltd.	-4.75	4.12	7.94	8.32	8.23	4.77
Suryoday Microfinance Ltd	5.42	6.01	5.60	6.86	6.08	5.99
Grameen Koota Financial Services Pvt Ltd	3.11	5.48	6.29	6.68	5.41	5.39
Utkarsh Micro Finance Pvt Ltd	1.69	0.87	0.52	0.66	0.10	0.77
Kosamattam Finance Ltd	7.41	7.08	7.45	6.97	6.90	7.16
Manappuram Finance Ltd	11.44	9.13	8.66	9.26	9.66	9.63
Muthoot Finance Ltd	9.79	9.59	9.51	9.16	9.74	9.56
Muthoot Fincorp Ltd	9.98	8.90	8.90	7.69	7.63	8.62
L&T infrastructure	1.31	1.16	1.05	0.37	0.32	0.84
IFCI	1.39	2.83	1.35	1.46	1.07	1.62
IIFCL	2.27	1.80	2.95	2.74	1.87	2.33
SREI infra	0.33	-0.30	0.17	-0.16	-1.06	-0.20
Power Finance Corporation	1.33	1.59	1.23	1.16	1.37	1.34

Source: Authors' compilation

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