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IT-ENABLED SUPPLY CHAIN PERFORMANCE

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***Abstract:** Literature suggest that information technology plays a critical role in managing supply chain activities and measuring the performance of supply chain. However there is limited research on how the IT-resources impact the performance of supply chain. Therefore a research model is developed to study the impact of IT- resources on supply chain performance through an empirical study of data collected from 200 manufacturing firms. The results suggest that firms which have more aligned IT have more impact on supply chain performance rather than advanced IT.*

***Keywords:** supply chain management, supply chain performance, information technology*

Introduction:

Measures such as customer service performance, delivery performance, SCM cost performance, operational and supplier performance are critical measures to evaluate the performance of supply chain. The implementation of information technology in the organisation enables the work flow, suppliers and employees and improves customer relationships. Firms are investigating these technologies to improve the supply chain capabilities (Hagel and Singer 1999; Rayport and Sviokla 1995; Sambamurthy et al., 2003).

Uneven supply chain integration of IT hampers the information flow and coordination in activities (Barua et al., 2004; Sambamurthy et al., 2003). However a balanced integrated supply chain with IT enables good information flow, coordination of activities and value network partners (Broadbent et al., 1999).

IT based supply chains helps in making the supply chain flexible with respect to manufacturing that are customer orders based, meeting their requirements and value

adding to the customer hence helping the firm to achieve higher customer satisfaction (Dehning et al., 2007). IT helps in predicting the demand changes and fluctuations, making pricing and promotion strategies, new product development and maximising the market share and profitability.

Integrated IT helps firms to be capable of handling information flows and sharing the information with their supply chain partners. It also helps in planning for demand management, for the movement of physical product and with complex financial framework (Rai et al., 2006). Firms that use IT in their supply chain share more detailed information, lower the total cost, reduced order cycle time, higher fulfilment rate, reduced demand uncertainty and helps in transacting with suppliers better.

Successful companies have developed e-business solutions for improving customer service and also allow personnel to focus on more important areas by improving information quality, planning and collaboration, improved agility of supply chain thus to gain strategic benefits (Auramo et al., 2005). Advanced technologies focus on gaining benefits from B2B interaction, empowering employees and successful value alliances management.

Despite the critical role of IT in supply chain performance the empirical research pertaining to same is very less (Sachin & Powell 2002). We draw on concepts from literature related to IT-resources, supply chain performance to develop key constructs and measure the relationship among the two. We test our model by checking the reliability and validity of the constructs and relationship between the constructs.

Review of literature

Fasanghari et al. (2008) attempted to study the impact of information technology on supply chain management. The results indicate that the impact of IT on SCM is much larger as it facilitates inter-organisational communication and in turn reduces cycle time and develops collaborative work. IT enhances team work and customer relationship management.

Cuthbertson and Piotrowicz (2008) analysed the best cases on practices of supply chain and identified some common measures reflecting performance improvements. This study aimed to identify, categorize and compare supply chain measures and benefits listed in few literature-based case studies.

Steward, Wu, and Hartley (2010) considered factors such as product quality; responsiveness to requests for change; sales, service and/or technical support; total value received; and overall cost performance as a measurement of supply chain performance. It is even identified that Supplier performance is higher when the supply manager has trust

and satisfaction with the supplier's account executive.

Qrunfleh and Tarafdar (2012) studied the impact of supply chain information strategy on supply chain performance in turn on firm performance. The results show that association among supply chain performance and firm performance having mediating effect between supply chain information strategy and firm performance.

Farshchi and Haghghi (2015) performed a study to examine the impact of information technology on supply chain management. The results of the study show that there is significant positive correlation between information technology and all aspects of supply chain management. The results also show that organisational performance was also significantly improved through effective implementation of information technology

Analysis and Interpretation

Reliability Measures

Reliability is termed as consistency and reproducibility of the instrument toward the results which are consistent over a period of time on repeated trials. These are the tests which are considered to be the best measure of inter item consistence reliability measure, that is, Cronbach's Alpha(α) (Cronbach,1951; Nunnally,1979). The Cronbach alpha will be measured in this study for internal consistency of the scales used in the questionnaire, which is conducted on summated scales and not for individual items. The value of Cronbach alpha will be in the range of 0-1 where the internal reliability of the scale is said to be maximum when it is closer to 1.

	Cronbach's Alpha
IT Advancement	0.859
IT Alignment	0.934

Composite reliability as a benchmark value of 0.7 is considered to be adequate where SEM is applied (Werts et al., 1978). Also, Joreskog's (1971) composite reliability is studies along with Dijkstra-Henscler's rho as a reliability estimate for reflective construct with multiple indicators in investigated (Dijkstra and Henscler 2015). The findings of reliability are mentioned in table below:

Reliability and Validity	Composite Reliability
IT Advancement	0.899
IT Alignment	0.95

Validity measures

After investigating the reliability measures of the instrument, the next step is to establish the validity of the questionnaire where the following types of validity were checked.

Convergent Validity

The next step was to consider the convergent validity of the constructs in the study. The convergent validity measures the degree of association of multiple items towards their constructs as per the theoretical background and review of literature. (Hair et al., 2017)

The convergent validity is primarily assessed with average variance extracted (AVE) for all the items related with their construct, and is calculated as the mean of the square loadings of all variables associated with the construct, which must be higher than the acceptable value of 0.50 on an average in order to explain at least fifty per cent variance of the items in their construct.

In this study the AVE is fully established in the measurement model and is in accordance to the suggestions by Hair et al., (2010, 2013), and mentioned in table below:

Reliability and Validity	Average Variance Extracted (AVE)
IT Advancement	0.643
IT Alignment	0.791

In addition to this, the composite reliability, AVE and standardised factor loadings were found to be above the desired cut off values and benchmarks in the leading researches (Chin 2010; Hair et al., 2017b) and mentioned in table below:

Measurement item	Standard factor loading	AVE	CR
Our organisation always uses advanced IT solutions for SCM in our industry (AA1)	0.706	0.643	
Relative to competitors our IT for SCM is advanced (AA2)	0.831		

We are regarded as the IT leader in SCM in our industry (AA3)	0.886		
We are first to use IT in our industry (AA4)	0.86		
Our IT for SCM is state-of-art technology (AA5)	0.707		
			0.899
Our organisation's IT for supply chain is well aligned with our channel members (AA6)	0.828		
Our organisation invests in IT to align with our channel members (AA7)	0.888		
Our channel members invest in IT to align with us (AA8)	0.918	0.791	0.95
We work together with our channel members to invest in for alignment (AA9)	0.903		
Our IT is best aligned for best supply chain performance. (AA10)	0.906		

DISCRIMINANT VALIDITY

An empirical investigation of discriminant validity of the constructs was conducted in the study to find out as to how much distinct one construct is from one another in the path model. In major studies conducted by the researchers in the past, Fornell and Larcker (1981) criteria was used to compare each constructs square root of AVE with their inter construct correlation of all other constructs in the measurement model. Statistically, the square root of AVE must be higher than the inter construct correlations to establish discriminant validity of the variables under the study. In the present study, the Fornell and Larcker (1981) is fully acceptable to establish discriminant validity as mentioned in table below

Fornell and Larcker Criteria	IT Advancement	IT Alignment	Supply Chain Performance
IT Advancement	0.802		
IT Alignment	0.736	0.889	
Supply Chain Performance	0.514	0.526	1

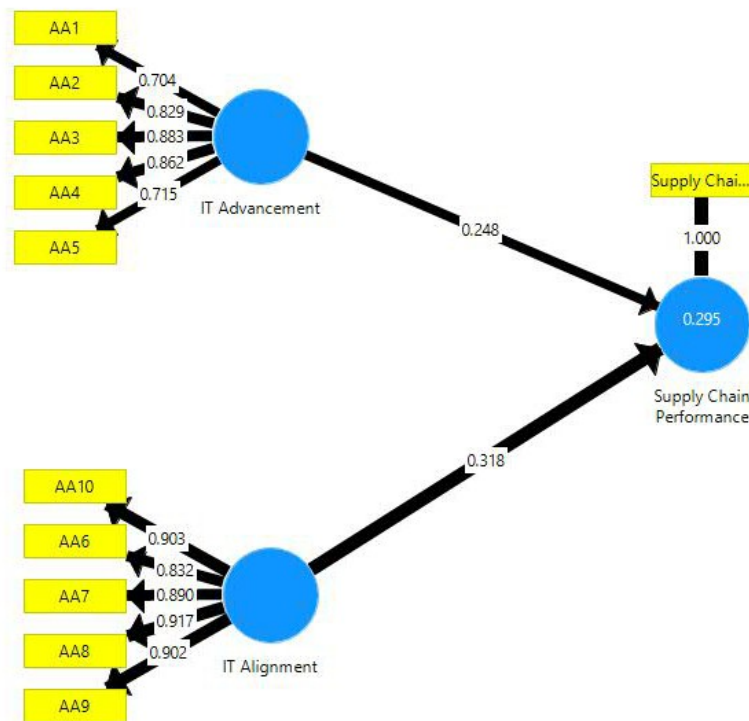
Note: Diagonal elements are the square root of AVE; non diagonal elements are inter-construct correlations; Fornell and Larcker criteria 1981

In less rigorous approach to assess discriminant validity to examine the cross loadings in the study which means that indicator variable must exhibit a higher loadings on its own construct than on any other construct included in the measurement model (Hair et al., 2014). Following table demonstrates the cross loadings in the study.

	IT Advancement	IT Alignment
Our organisation always uses advanced IT solutions for SCM in our industry (AA1)	0.706	
Relative to competitors our IT for SCM is advanced(AA2)	0.831	
We are regarded as the IT leader in SCM in our industry (AA3)	0.886	
We are first to use IT in our industry (AA4)	0.86	
Our IT for SCM is state-of-art technology (AA5)	0.707	
Our organisation's IT for supply chain is well aligned with our channel members (AA6)		0.828
Our organisation invests in IT to align with our channel members (AA7)		0.888
Our channel members invest in IT to align with us (AA8)		0.918
We work together with our channel members to invest in for alignment (AA9)		0.903
Our IT is best aligned for best supply chain performance (AA10)		0.906

Even though the Fornell and Lacker criteria and cross loadings are established in the study, still they are considered to be insufficiently sensitive to establish discriminant validity problems. Therefore, a new criteria for establishing discriminant validity is used in the study Heterotrait-Momotrait ratio of correlations (HTMT) as proposed by Henseler, Ringle and Sarstedt, (2015). The HTMT ratio must be less than 0.90 (Gold, Malhotra and Srgars, 2001) or less than 0.85 (Kline, 2011) to establish the disattenuated correlation between two constructs (Henseler, Ringle, and Sarstedt, 2015). Findings of HTMT criteria is mentioned in table below:

HTMT	IT Advancement	IT Alignment	Supply Chain Performance
IT Advancement			
IT Alignment	0.837		
Supply Chain Performance	0.548	0.541	

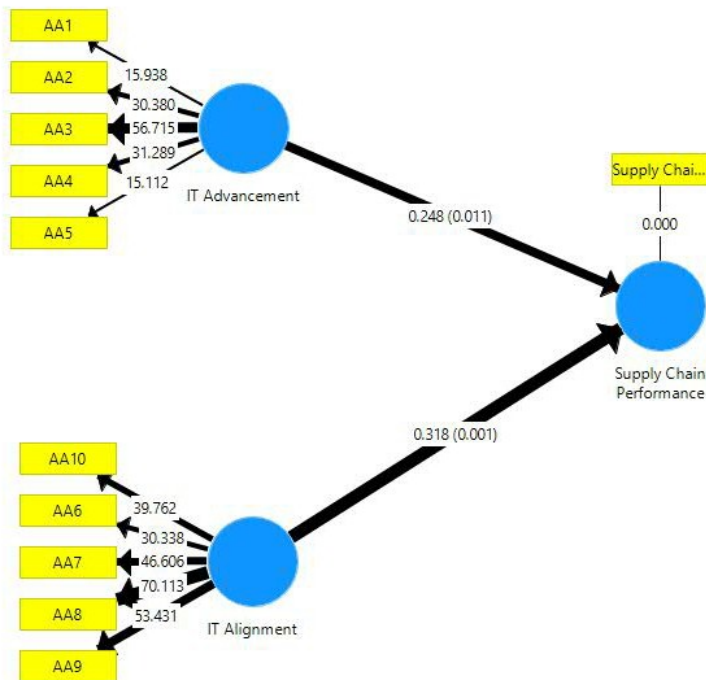


From the figure it is clear that for the manufacturing companies of North India alignment of IT is more important than investing in more advanced IT. Having the best aligned supply chain and working together with channel members leads to better aligned supply chain. Also investment in supply chain by organisation as well as channel members is also important.

Structural Model Assessment

After the constructs are confirmed as reliable and valid, the next step is to assess the structural model results. However, a thorough examination of structural model for collinearity was also established to see whether the path coefficients based upon ordinary

least square regression is free from the bias of collinearity (Hair et al 2014). The problem of multicollinearity does not exist in the structural model since all the VIF values are less than 5.



Hypothesis Testing

Ha1: IT Advancement has impact on supply chain performance.

Ha2: IT Alignment has impact on supply chain performance.

In PLS path models, structural model and the significance of the hypothesis are tested by computing path coefficients (β value). Path models by partial least squares method does not require the data to be normally distributed, it is evaluated with squared multiple correlations (R^2) for each latent endogenous variable which provides how well the model fits the hypothesized relationships. For assessing the significance of the hypothesis, the bootstrapping procedure is used.

The relationship between IT advancement and supply chain performance is significant with $B=0.248$ and t value= 2.542 at 5% level of significance has positive significant impact on supply chain performance. The relationship between IT alignment and supply

chain performance is also significant with $B=0.318$ and t value= 3.221 at 1% level of significance has positive significant impact on supply chain performance. Thus, we can conclude that companies which have more aligned IT in their organisation have more impact of supply chain performance rather than using the advanced IT solutions.

Test of relation between variables	Original Sample (O)	Standard Deviation (STDEV)	T Statistics ((O/STDEV)	P Values	Hypot-hesis	Results
IT Advancement -> Supply Chain Performance	0.248	0.098	2.542	0.011**	Ha1	Accepted
IT Alignment -> Supply Chain Performance	0.318	0.099	3.221	0.001** *	Ha2	Accepted
*** $p < 0.01$; ** $p < 0.05$						

Concluding Observation

IT advancement for supply chain is defined as the extent to which a firm adopts the most sophisticated technology. It measures the degree of proactive adoption and implementation of advanced IT to find customer solutions ahead of competitors. Firms increasingly invest more resources in their SCCS and IT departments in an effort to develop the internal skills necessary to make full use of advanced technologies (Booth & Philip, 1998). However, a higher level of IT investment does not necessarily imply better use of firm resources. Most often, huge expenditures in information and communication technology do not necessarily result in much anticipated benefits for a firm (e.g., Barney et al., 2001; Brynjolfsson, 1993; Taylor, 2003). Yet, it is likely that firms successfully enhance efficiency in their business activities and processes by adopting advanced IT (Mukhopadhyay, Rajiv, & Srinivasan, 1997; Stank, Crum, & Arango, 1999). We argue that in order for IT to become a firm-specific resource and, thus, increase its appropriability, the embeddedness of IT across the supply chain, coordinating with supply chain partners and aligning their business process with each other is more important in order to achieve efficiency (Powell, 1992).

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INDIA'S TRADE PERFORMANCE WITH EUROPEAN UNION SINCE ECONOMIC REFORM

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***Abstract :** The study carried out to investigate the India's trade relation and performance with European Union as a group for period from 1997 to 2018. It was interesting that India's trade with EU is positive past five years from 2014 to 2018. It study is used the simple growth rate and compound average growth rate (CAGR) for analysing the data. During this period, on an average India's import to EU is higher than export. But CAGR of India's export is greater than import. Finally CAGR of India's balance of trade with EU is negative.*

***Key words:** Compound average growth rate (CAGR), international trade, export and import*

Introduction:

Today, in the era of globalization, where development has become an indispensable essential element for all countries, the importance of international trade as an important factor of economic development is continuously increasing. International trade refers to exports and imports of goods and services by one country with another. Haberler has defined the role of international trade as the engine of growth in economic development. According to him, "Trade is the engine of economic development".

In this series, six major nations of the European continent together formed the European Economic Community. The European Coal and Steel Community (1951), first established by France and Germany in 1957, was converted to the European Economic Community

by the Treaty of Rome. The European Economic Community continued to expand from time to time. The European Union as it currently is was established by the 1993 Maastricht Treaty. The treaty transformed the European Economic Community into the European Union.

During the pre-independence colonial period, India's principal member of the European Union was the nature of trade relations with Britain as a supplier of raw materials, which often led to adverse conditions for India's trade with Britain. The first few decades after independence saw significant changes in the trade of India and Britain, which can be said in favour of India. If we talk about the European Union, then the year of its founding and the beginning of economic reforms in India were the early years of the last decade of the twentieth century. For this reason, as the effects of economic reforms are reflected in India, the trade relations between India and the European Union move towards a mature stage.

In 1991, economic reforms in India underwent new industrial policy, financial sector reforms as well as significant strategic changes in the business outlook. The model of globalization, privatization, and liberalization (LPG) were behind the reforms in industrial policy. This move made India ready to reap the benefits of globalization, as well as an attempt to recover the internal health of the Indian economy through privatization and liberalization. Privatization saw the competition and product quality upgrading in the industrial sector as well as liberalization of the public sector leading to a huge increase in the number of producers and investors in manufacturing and capital industries in the domestic economy.

On the basis of the above mentioned economic reforms adopted in the early years of the last decade of the twentieth century, we can say that at the macro level, the Indian economy was not only strengthened internally but also a better market globally (demand side) as well as exports. It also complements the dimensions of incentive (supply-side). Under these circumstances, India will enter into bilateral and regional trade agreements with countries which will not only provide good and wide market but also can provide the much-needed inputs and which will have complementarities in the Indian economy. In such a regional agreement, with the economic benefits of the, "Look East" adopted as a foreign policy strategy in this decade (1991-2000), India with its immediate circumstances from developed and strengthened regional organizations like the European Union. - Simplified the terms of trade as well as makes the statement "Business is the engine of growth" relevant.

Regarding the Indian economy, the year 1991 can be considered as a positive divider in terms of policies and strategies, as well as the immediate structural start of the European

Union in terms of relevance to the study of this minor research. In the early years of this decade normally attains a transformed and developed state.

The last decade of the twentieth century, which is very important in terms of short-term results of the evolving nature of the European Union along with India's economic reforms, and the first decade of the 21st century was considered to be a decade reflecting the long-term results of the India-EU trade relations. Similarly, the second decade of the 21st century, which is the decade reflecting the long-term effects of India's second economic reforms, is important in terms of studying and analysing the trade relations of India and the European Union, in the present study we will phase out the political changes of these three decades time periods.

The first decade of the 21st century appears to give encouraging results if we analyse extensively on the data obtained from exports and imports in the trade relations between India and the European Union. During this period, as the long-term outcome of the immediate organizational structure of the European Union, along with economic reforms in India, naturally appears, the decade when the European Union was established coincides with the completion of 10 years of globalization in India. 10 years are completed and also the immediate results of the second phase of economic reforms in India are parallel.

There are two objectives as follow

1. To analyze the behavior of trade performance of India since economic reform
2. To study the trade (export and import) relations between India and the European Union since economic reform.

Review of Literature

The present study is an extension to the existing studies and makes an attempt to review the important studies on India's trade relations with European Union with special reference to UK. The recent and relevant studies conducted from different regions of India and out of the world are reviewed in this chapter. Many economists, philosophers, researchers, scholars, thinkers, authors have made substantial contribution to the various aspects of the subjects. The study material is available in the form of books, surveys, case studies. Many authors have made valuable thoughts about international trade of India with European Union.

A study by **Paul D. Zook** (1959) on 'Economic Development and International Trade' finds out that six Western European countries on January 1 1958 inaugurated a change in commercial policy which is dramatic even in a world characterised by revolutionary

changes in social forms. The countries have undertaken to abolish tariff and other restrictions on trade between themselves and to establish a common commercial policy with the outside world during neither a transition period which will be not less than twelve nor more than fifteen years. Quantitative trade restrictions export duties and subsidies, and exchange controls on current payments are to be abolished along with the tariffs on inter member trade during the transition.

Another study done by **Alan Griffiths and Stuart Wall** (1995) on, 'Applied Economics' argued that the historical background to the EU has been covered in some depth elsewhere, since its foundation the EU has absorbed the two communities ECSC and EURATOM. By promoting free trade in Coal and Steel between members and by protecting against non-members, the ECSC revitalized the two war-stricken industries. It was this success which prompted the establishment of the much more ambitious European Economic Community (EEC), subsequently known as the European Community.

Mordechai E. Kreini's (2002) had studied 'International Economics, a policy approach'. He noted that the EU is first of all a customs union the member countries abolished all tariffs and other trade restrictions among themselves and set up a common and uniform tariff against outsiders. A special fund was set up with the contributions of member countries to help accelerate developments in the less- developed areas of the EU. This aspect of the organization is known as regional policy.

A. I. Macbean and P. N. Snowden (1981) had studied 'International Institutions in trade and Finance'. The primary aim of this study is to examine the impact of the European Economic Community on international trade. Indeed the political process in the EEC has a distinct impact on the economic sphere and this must be considered in the community, and the relevant constraints, are to be understood. The same study was also described about politics and policy making in the community, the trade impact of the customs union of the six, the common agricultural policy and the community budget, dynamics gains from the formation of the EEC.

Jim Sherlock and Johnathan Reuvid (2008) on, 'The handbook of International Trade' about "EU Competition law", an important development came in 1986 with the signing by the then 12 of the Single European Act (SEA). The aim of the SEA was to eliminate the remaining barriers to the single internal market before the deadline of 31 December 1992. The establishment of the 'four Freedoms' i.e. a free movement of: Goods, Persons, Services and Capital.

According the '**World Economic Situation and Prospectus**' (2006) is published by the United Nations Publications Academic Foundation, New Delhi. It has been described

about Western Europe: a Weak recovery in 2005. The recovery in Western Europe was weaker than expected in 2005. Economic growth was dampened by high oil prices cautions spending behavior by private households and moderate investment by the business sector. Exports were the most dynamic component of demand. This study also described the new EU member's dynamic but uneven growth and South Eastern Europe: dynamic growth continues but at a slower pace. The EU accession candidates continued to benefit from rising investor and consumer confidence, reflected in a solid inflow of FDI, continued restructuring and expansion of export-oriented production capacity and improved financial intermediation. Economic consolidation gained momentum in the remaining part of South-Eastern Europe, combining successful post conflict reconstruction and further macroeconomic stabilisation.

According to the **“World Investment report-2006”** is published by United Nations publications, New York. This report described that, many new EU member countries continued the process of privatisation and liberalisation, for example, in Czech Republic, the Government sold its 51% stake in Cesky Telecom and 99% stake in Vitko vice Steel to foreign investors. In Hungary, Latvia and Malta formerly state owned enterprises in such different industries as airport operation state and municipal property, oil terminals and electricity were privatised and partially sold to foreign investors. In Poland, the Government sold state owned firms in oil, gas and chemicals. In Austria, the Government sold its 15% stake in VA Tech, a metallurgy, power generation and infrastructure conglomerate, to Siemens (Germany). EU member states continue to attract international car manufacturers.

G. R. Denton (1969) had studied ‘Economic Integration in Europe’. This study divides in two parts. Part one consists of four papers on the theory and practice of the impact of customs unions and free trade areas on the trade of the members and of third countries. Lundgren, in the first paper on customs union of industrialised west European countries, gives a critical account of the traditional theory, revealing its limitations as an approach to the economics of integration, but also some of the errors of those who have been too impatient to dispense with it. In addition he accesses the attempts that have been made to test this theory by empirical investigation of the various customs union and free trade areas that have been established in Western Europe since the Second World War Robertson, in second paper on ‘Trade Liberalisation and the, Influence of the European Trade Blocks’, examines the development of the European Economic Community (EEC) and the European Free Trade Association (EFTA) within the context of the General Agreement on Tariffs and Trade (GATT) and with special reference to the relationship between these regional blocks and the rest of the industrialised countries. Part two devoted seven papers to various aspects of harmonization or integration beyond the

removal of tariff barriers and quantitative restrictions.

B. K. Choudhari and O. P. Agarwal (2006) on, 'A Textbook of –Foreign Trade and Foreign Exchange' described about 'International Trade Agreements or Institutions' under this topic they were also described about EEC. It has been noted that there was much speculation about the future of India's trade with the United Kingdom should the latter prefer to join the common market, since Indian exports entered the U.K. without any tariff or quota restriction by virtue of the Indo-British Trade Agreement of 1939. However, the U.K. joined the community in January 1973, thus terminating the trade agreement with India. It is also described the conditions for the Euro Money agreement, the countries have to keep their Budget deficit below 3% of Gross Domestic Product; countries should have government debts below 60% of GDP, inflation should not exceed 1.5%., rate of interest should not be more than 2%. Advantages to India: India's 80% export business is in US Dollars and European is having 20% in exports of India, the cost of transaction to Indian exporters.

K. V. G. Gowda (1962) on 'The European Common Market and India' the study described that the Indian Governments critical reaction to Britain's decision to negotiate for entry into the EEC. Seems to have surprised not only the British government but many Indians, Britain's membership of the Common Market will not be ultimately to our (India) disadvantage although there may be some upsets in our trade pattern in the initial stages. Britain's entry will undoubtedly step up the rate of development there. India can partake in this prosperity and push up her exports in the long run. The same study described that India's major items of exports to the UK and the EEC countries are coffee, tea, tobacco, pepper, oil seeds. Iron ore, manganese ore, raw wool, raw cotton textiles, jute manufactures etc. The majority of India's exports to Britain and the EEC are either raw materials or tea and coffee. As far as the raw materials are concerned they are most likely to continue to enter duty-fees as they do at present, because the levy of imports duties on raw materials by the EEC would increase their costs of manufacture and thus adversely affect their competitive strength.

G. Sundaram (1983) had studied 'Commercial Policy of the European Economic Community and the Association Agreements'. He found that the trade trends of the past in order to have an idea of its behavior. Throughout the post-war period, India's exports to the six have been much less important, relatively to the total than they were in the inter war period. The trends in India's trade with the community since its formation are more important and significant. The community has become the largest trader in the world. It could be stated with the figures available that the exports remained more or less at the same level since the formation of the community till 1968-69. India's foreign trade

over the period was quite erratic while EEC trade was steadily increasing.

A study was done by **Vibha Mathur** (1990) on, 'India-European Union Trade Prospects and Impact of Euro'. This study noticed that the European Union (EU) is the concrete expression of the common desire of the sovereign nations of Europe to work and live together. As an advanced form of multi-sectoral integration, its competence extends to the economy, industry, politics and citizens' rights of the Member States. The EU is India's largest trading partner, accounting for about one-third both India's exports and imports. However, India's share in the EU's imports and exports is less than 1 per cent. This book provides a detailed description of the evolution and the present working, of EU with a view to understand its impact on India's foreign trade. More preciously, the book focuses on the impact of developments in the EU on India's exports to it. The present study is an attempt to understand the working of the EEC now known as the European Union.

Research methodology

Data collection The study based on secondary data it has been compiled from various resources such as ministry of commerce DGCIS Kolkata, Eurostat, Economic Survey of India, Directorate General of Commercial Intelligence and Statistics (DGCI&S) and fact book of World Trade Organization (WTO), RBI Reports, International Monetary Fund's data (IMF), India EU Annual Report, Records of Government of India Ministry of Commerce and Finance etc.

Methods

Simple statistical tools such as percentage, compound annual growth rate (CAGR) are used to analyses the data.

$$\text{Percent share} = \frac{\text{exprt or import value}}{\text{total trade}} \times 100$$

Formula of CAGR is as below:

$$\text{CAGAR} = \left(\frac{\text{End value}}{\text{Start value}} \right)^{\frac{1}{n-1}} - 1$$

Variables

In this study, several variables have been used to fill the objectives of the study Such as Total export of India, total import of India, India's import from EU, India's Export to EU, India's balance of trade with EU, Share of import and export with EU (i.e. Ratio of India's import from EU and total export of India, and Ratio of India's export to EU and total export of India).

Analysis and Interpretation

From the early years of the second decade of the 21st century to the present year, there are often exaggerated conditions on both the import and export sides which have been a matter of concern among EU strategists and determinants of India's trade policy. However, such evaluations are generally considered to be the antecedent effects of the global recession in the last years of the first decade of the 21st century globally. Globally, after the year 2007–08, the severe consequences of the global financial crisis caused by the subprime crisis of the United States were seen on most countries in the United States as well as the European Union. In addition, the effects of the European gas crisis on nations with large economies in the European Union have also been responsible for weakening the economies of these nations in the decade following 2011. In the period from 2007-2008 to 2012-13, most of the European Union countries have been facing financial crisis, whose indirect effects are seen as a negative result on the trade relations with India. Analytical studies based on data on trade relations between India and the European Union becomes very important for future challenges and prospects.

Table: 1- Trade relation between India and European union in context of India.

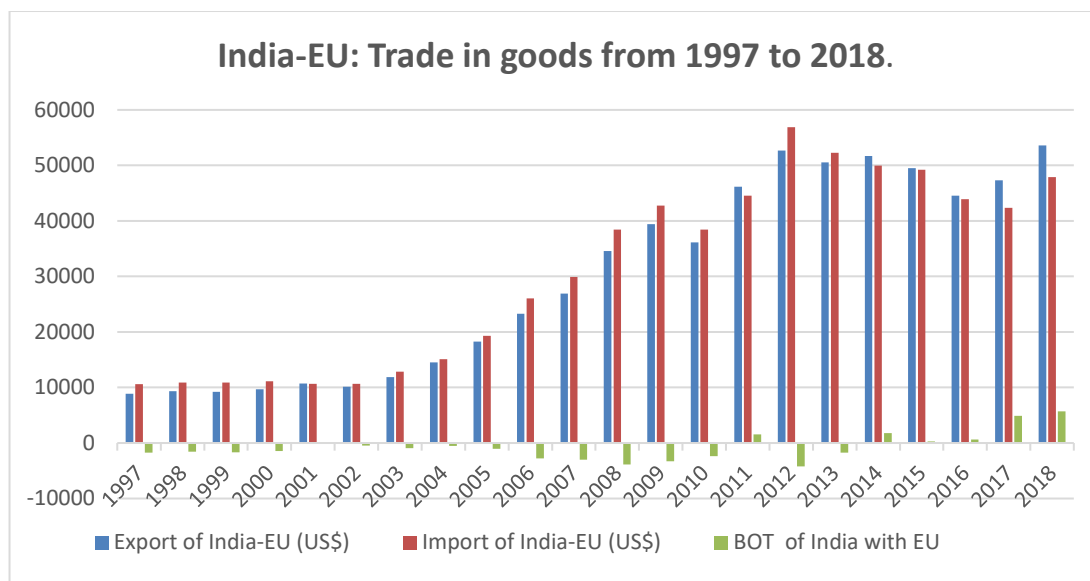
Year	Export of India-EU (US\$)	Import of India-EU (US\$)	BOT of India with EU
1997	8874.66	10628.01	-1753.35
1998	9341.72	10880.84	-1539.12
1999	9209.81	10886.59	-1676.78
2000	9671.16	11135.21	-1464.05
2001	10698.34	10676.03	22.31
2002	10160.71	10649.79	-489.08
2003	11896.43	12835.09	-938.66
2004	14533.18	15082.22	-549.04
2005	18271.86	19304.14	-1032.28
2006	23257.85	26027.7	-2769.85
2007	26886.2	29913.49	-3027.29

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2008	34607.89	38468.55	-3860.66
2009	39436.9	42748.83	-3311.93
2010	36117.73	38460.01	-2342.28
2011	46137.08	44567.99	1569.09
2012	52670.88	56895.6	-4224.72
2013	50555.59	52292.6	-1737.01
2014	51720.45	49960.66	1759.79
2015	49491.74	49236.39	255.35
2016	44572.2	43934.1	638.1
2017	47292.05	42384.59	4907.46
2018	53597.93	47873.41	5724.52
CAGR	0.089407	0.074301	-2.05796
Mean	29954.65	30674.63	-719.976
SD	17605.28	16932.72	2520.661
CV	58.77309	55.20106	-350.103

Above table no. 4.1 shows that a snapshot of India's trade with EU. During this period 1997 to 2018, in which CAGRs (Compound average growth rate) of export of India with EU, import of India with EU and Balance of trade with EU are 8.94%, 7.43% and -205.796 respectively. It meant that export of India to EU has been increased with higher rate (8.94%) than import (7.43%) but BOT is not favour to India in reference period.

Meaning of Coefficient of Variance is that status of data in terms of variability. We can clearly see above table that more fluctuations are presented in export of India with EU at 58.77% than import of India with EU at 55.20%. There has been a highest variability (fluctuations) in BOT in the period. During this period, on an average India's import to EU is higher than export. Therefore, we say that our balance of trade with EU is negative, or not surplus.



Source: DGCIS, Ministry of commerce, Kolkata

From 1997 to 2013, Balance of trade is negative, except 2001 and 2011. After 2014, it has been positive over the period. Below the table 2, an analysis of the year period 1997 to 2018 reveals that although exports picked up to 2018 at a fast rate and exports jumped from US \$ 8874.66million in 1991-92 to \$ 53597.93 million in 2018 an increase of about 503 per cent during 22 years. But simultaneously, policies of liberalisation accompanied with reduction of custom duties resulted in increase of imports from \$10628.01 million in 1997 to \$ 47873.41 million in 2018 an increase of about 350 per cent. India's trade deficit from 1997 to m 2013 was unfavourable to us in the context of the European Union. The trade deficit which was seen as our unfavourable trend till 2013, while after 2013, it seemed to be favourable for us till 2018.

Trade relation between India and European Union

Year	Export of India to EU (US\$) (1)	Growth of export of India to EU (%) (2)	Share of export of India to EU in Total Export of India (%) (3)	Import of India from EU (US\$) (4)	Growth of Import of India from EU (%) (5)	Share of import of India from EU in Total import of India (%) (6)	Share of trade of India between EU in total trade of India (%) (7)
1997.00	8874.66		26.51	10628.01		27.16	58.27
1998.00	9341.72	5.26	26.86	10880.84	2.38	26.23	58.14
1999.00	9209.81	-1.41	27.72	10886.59	0.05	25.68	60.50
2000.00	9671.16	5.01	26.26	11135.21	2.28	22.38	56.50
2001.00	10698.34	10.62	24.01	10676.03	-4.12	21.12	47.97

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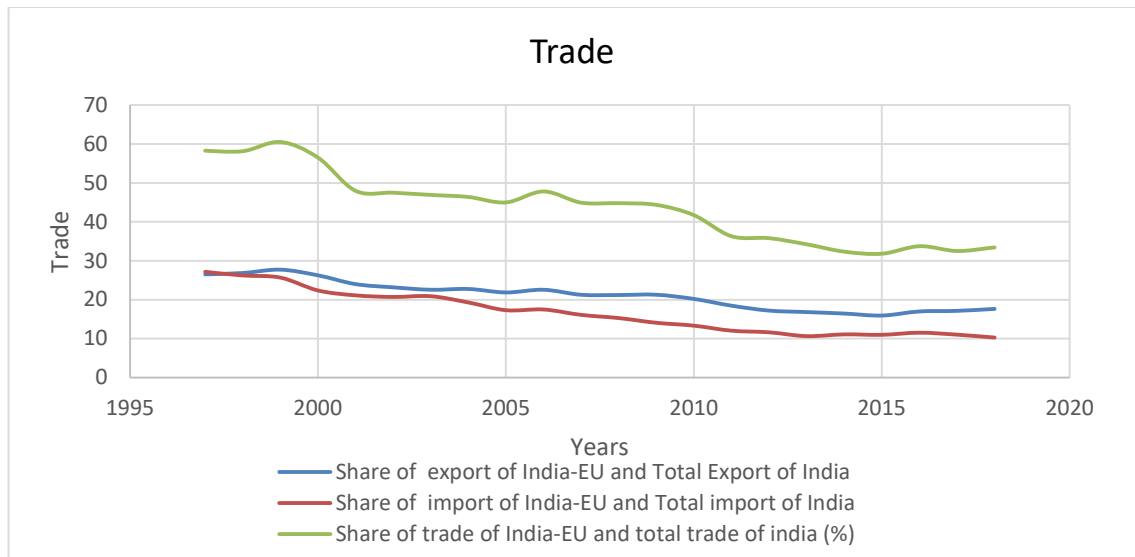
2002.00	10160.71	-5.03	23.18	10649.79	-0.25	20.71	47.48
2003.00	11896.43	17.08	22.56	12835.09	20.52	20.90	46.91
2004.00	14533.18	22.16	22.76	15082.22	17.51	19.30	46.39
2005.00	18271.86	25.73	21.87	19304.14	27.99	17.31	44.98
2006.00	23257.85	27.29	22.56	26027.70	34.83	17.49	47.81
2007.00	26886.20	15.60	21.27	29913.49	14.93	16.11	44.93
2008.00	34607.89	28.72	21.21	38468.55	28.60	15.29	44.80
2009.00	39436.90	13.95	21.28	42748.83	11.13	14.08	44.35
2010.00	36117.73	-8.42	20.21	38460.01	-10.03	13.34	41.72
2011.00	46137.08	27.74	18.47	44567.99	15.88	12.05	36.31
2012.00	52670.88	14.16	17.21	56895.60	27.66	11.63	35.81
2013.00	50555.59	-4.02	16.83	52292.60	-8.09	10.65	34.24
2014.00	51720.45	2.30	16.45	49960.66	-4.46	11.10	32.34
2015.00	49491.74	-4.31	15.94	49236.39	-1.45	10.99	31.81
2016.00	44572.20	-9.94	16.99	43934.10	-10.77	11.53	33.74
2017.00	47292.05	6.10	17.14	42384.59	-3.53	11.03	32.51
2018.00	53597.93	13.33	17.65	47873.41	12.95	10.28	33.43
CAGR	0.09			0.08			
Mean	29954.65			30674.63			
SD	17605.28			16932.72			
CV	58.77			55.20			

Above table 2, in which column (7) indicate the ratio of total India's trade with EU and total India's trade in percentage, has been declined from 58.27 in 1997 % to 33.43% in 2018. We can say that total trade with EU has been decreased about 25 %.

And column (3) and (6) are represent ratio of India's export to EU and total India's export, ratio of India's Import to EU and total India's Import respectively. Share of Export to EU in total export of India has been shirking at 19.86% from 26.51% in 1997 to 17.65%. and share of import form EU in total import of India, has been declined at 16.88% from 27.16% in 1997 to 10.28% in 2018. The result from above the table shows that rate of share of export to EU with respect to total export of India(3) is less than share of import from EU with respect to total import of India (6) about 2.96% from 1997 to 2018 but still export is more than import in term of share from 1998 to 2018.

Above the figure 2 shows that all three variables like have been declined from 1997 to 2018. And after 1998 share of export to EU with respect to total export of India is large

than import.



Concluding

If we analyse the exports between India and the European Union in the long term after 1991, the impact of economic reforms is most visible in the first decade of 21st century as compared to the US \$ 10698 in 2001, US \$ 46137 in 2011. The figure of exports is obtained which is about 4.5 times more on a decisive basis but after that, if we compare the exports between 2011 and 2018 not increase in exports in the years of the decade off with a slow-downs getting rich. If we compare these two decades, the reason for the increase in exports in the first decade of the 21st century was definitely the long-term result of economic reforms. Also, the immediate impact of the second-generation economic reforms initiated in the early years of this decade is reflected in comparison to the slow growth in exports from 2011 to 2018 due to the financial crisis created by the subprime crisis globally. It is considered a crisis due to which the economic activities of the European Union and the United States from the crisis in the financial sector negative Results seeing given the fluctuations in international trade movement is significant negative fact.

If we analyse the CAGR (Compound Annual Growth Rate) of export prices between these decades, then the difference in annual growth rate between India and EU is worrying in the 10 years between 2001 and 2010, where CAGR was 14.47 %, while the year 2011 CAGR 2.16 between 8 years to the year 2018. The second decade of the 21st century between India and the European Union is disappointing in terms of India's exports. The

CAGR of almost 20 years of data taken in the analysis was around 8.94% with CAGR achieving double-digit 14.47% between 2001 and 2010 but due to only 2.16% CAGR between 2011 and 2018, these 20 years CAGR of exports is 8.94%.

If you study the imports, between 2001 and 2010, the imports saw an increase of about times as much as the exports. And the CAGR of 2001 to 2010 figures was 15.30% which was the same as the exports but the CAGR of import prices between 2011 and 2018 was just 1.02%. The state of imports between the years 2011 to 2018 looks pathetic on the basis of CAGR from the state of exports. Apparently, the growth in imports has been almost half of the growth of exports in these years. As a result, in these 5 years from 2014 to 2018, an additional situation was noticed in the balance of payments. The terms of trade are considered to be favourable to India in terms of trade, but upon closer observation, it is clear that this surplus payment situation is worrisome. Because of such growth did not arise due to high growth in exports, but the comparatively low performance of imports with exports. Based on the above analysis, the growth in exports and slow growth of imports between India and the European Union is also a matter of concern. The favourable balance of payments generates confusion. In such circumstances, India will have to encourage the export of manufacturing sector and service sector products in addition to primary sectors in the export of its export products. And for this, it is necessary to make effective the provisions of programs like the earlier on going make in India program, Served from India.

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INDUSTRIALIZATION AND ITS IMPACT ON SMALLHOLDER FARMER ENTREPRENEURS: A COMPARATIVE STUDY OF MANIPUR, INDIA

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***Abstract :** Industrial Revolution has vividly influenced and transformed the rural economy of the state in which most people were farmers. Despite of many advantageous outcomes, rapid industrialisation in a rural set up like Manipur has being undermining certain drawbacks most crystal clear in a continual basis. In fact, the hue and cry for the advanced modern agricultural technologies of today's era could largely affect the farming environment of the state adversely in the long run. Application of industrial fertilizers and chemicals in agriculture businesses designed for higher crop yields at heavy doses is coupled with soil fertility deterioration, causing hazard to health and the environment. Therefore, the sole aims and objectives of this study is to elaborately present the impact of industrialization on the smallholder farmer entrepreneur of the state. Moreover, the study would seek to bridge the gap for sustainable Agriculture development in Manipur in a more environmental-friendly approach.*

***Keywords:** Affect, Designed, Deterioration, Environmental-Friendly, Hazard, Industrialization, Sustainable.*

Introduction

State Domestic Product and the Per Capita Income reflect overall performance of the

state's economy during a given period. The growth in State Domestic Product of Manipur is largely dependent on agricultural productions. Agriculture sector has a vital place in the economy of the state. It contributes a major share to the State Domestic Product. 76 per cent of the workers in Manipur are engaged as cultivators and Agricultural labourers.

However, the performance of agriculture in the state mainly depends on timely rainfall and weather conditions. Small Scale Farmers face many challenges globally from every seen and unseen angle, and are among the most marginalized entrepreneurial group in the world despite their immense and indispensable roles and contributions to the economic development of every nations. The increasing prevalence of free market economy, multinational corporations and a consolidated agricultural supply chain in Manipur puts downward pressure on producers and thus wages and working conditions for labour. Agricultural manual labour is often seasonal employment, which increases job insecurity and can inhibit small-scale-farmers from effectively organizing for better working conditions.

There was a time not so long ago when famine was an expected, if not accepted, part of life. Until the nineteenth century, which so ever state or country can be named; food came almost entirely from local sources, and harvests were variable as in Manipur. In good years there was plenty, enough for seasonal feasts and for storage in anticipation of winter and hard times to come; in bad years starvation cut down the poorest and the weakest—the very young, the old, and the sickly. Sometimes bad years followed one upon another, reducing the size of the population by several percent. This was the normal condition of social life in pre-industrial times in Manipur, and it persisted for thousands of years.

Agriculture, steam, factories, and the government contributed to how the people were affected by industrialization in the 19th century. With Agriculture beginning to use machinery, Steam becoming a very important part of everyday life, and factories being able to put in new machinery there was an increase in the position of the government. Change did not always mean progress; with change there came a number of setbacks as well as advances for the people. With agriculture beginning to use new machinery the market for food increased. They began to use machinery rather than animals and people. A farmer and his sons would be able to run a whole farm on their own without hired help. They were able to get work that would normally take weeks, done in a shorter period of time. They were then prior to the birth of industrial revolution in agriculture sectors.

The rich and varied potentials of agriculture crops in Manipur and their immense contribution to the state domestic product in the present year Scenario are hereby briefly outline below:

Rice Crop

Permanent cultivation is generally practised both in the valley and Hill districts. Terrace cultivation formed the main practice of the populace cultivation while, Jhum or Shifting cultivation is almost negligible in today's generation as compared to the past decades. Rice is the staple food and is grown in hill and plain areas and it accounts for about 98 percent of the total food grain production of the State. The State has 0.18 million ha under rice cultivation, which covers both irrigated and rain-fed areas. The area has increased dramatically during the last seven years from 0.16 to 0.18 million ha. The State average productivity of rice is about 2.5 tonnes/ha.

Horticulture

Manipur is suitable for the development of horticulture. Besides, there is ample scope for bringing more land under fruit cultivation in the hill areas. Even in the plains, soil conditions are conducive to production of citrus fruits, banana, guava, peaches, apricot, papaya etc. There is sufficient scope for cultivation of pineapples in the medium high range of the hills in Manipur. The major fruits grown in the state are pineapple, orange, lemon, banana, guava, peaches etc. Now-a-days apples are grown in the hills of Manipur. For the promotion of healthy growth of horticulture in Manipur, it is essential to develop horticultural marketing. The annual average productions of fruits and vegetables during the year 2007-08 were 2.74 lakh MT and 0.11 lakh MT respectively.

Livestock

According to the livestock census conducted in 2003, there were 11.03 lakhs livestock in Manipur. Of these 4.18 lakh were cattle, 0.77 lakhs were buffaloes and 4.15 lakhs were pigs. The poultry population was recorded to be 29.41 lakhs. The main livestock productions in the State are milk, egg and meat. The total milk production in 2007-08 was 78.21 thousand tonnes which was 2.24 percent less than the production of 80.00 thousand tonnes in 2006-07. The estimated production of eggs in 2007-08 was numbering at 840 lakhs showing a decrease of 2.33 percent over the production of 860 lakhs in 2006-07. The estimated meat production for the year 2007-08 was 18.29 thousand tonnes which is about 23.79 percent less than the production of 24.00 thousand tonnes in 2006-07.

Forest

The state has vast area of forest covering 17,418 sq.kms., which forms about 78 percent of the total geographical area of the state. The actual area under forest is about 15 percent higher than the recorded forests area of the state. Of the total forests area, reserved forests and protected forests accounts for 1,467 sq.kms. and 4,171 sq.kms.(2005-06), the

remaining 11,780 sq. kms., is treated as 'Unclassed forest'. The important major forests products are timber, firewood's, bamboos, cane etc. The production of timber other than teak has shown a raise from 3.17 thousand cubic metres in 2004-05 to 8.78 thousand cubic metres in 2005-06. The Forest Department have distributed 7,70,000 seedlings under the scheme of Social Forestry during Vanamahotsava 2007.

Aqua-culture

Though the state has no marine fishery, it has vast inland fishery resources like ponds, tanks, natural lakes, marshy areas, swampy areas, rivers, reservoirs, submerged cropped land, low lying paddy fields etc. The target source of fish is the Loktaklake. The production of fish in Manipur for the year 2006-07 was estimated to be 18.50 thousand tonnes as against the 18.22 thousand tonnes in 2005-06 showing an increase of 1.54 percent over the previous year.

Floriculture

The suitable agro-climatic conditions of the state clearly indicate that wide range of ornamental crops can be grown, which can improve the economic conditions of the growers. The most promising flowers, which grow extremely well in different parts of the state are Gladiolus, Lillies, Chrysanthemum, Roses, Anthurium, Gerbera, Dahlia etc. Special mention may be made about orchids. Cymbidium, Paphiopedilum, Dendrobium are in great demand and can be successfully grown. Siroi Lilly is endemic to Manipur. However, there is no perceptible area under floriculture as it is confined to courtyard of the houses, government institutions etc.

Aromatic & Medicinal plants

The vast plant resource (medicinal) recorded upto now are limited to about 1200 to 1300 species. Out of this partly a few hundred(400/500) are used by the local people for the treatment of ailments so far recorded and local uses of the rest could not be available. The villagers living in direct natural plant- environment rather than the modern allopath treatment should be emphasized as priority. In the context, it is an apt to say that the state herbarium, plantation policy, development of medicinal plants and pollution control, proposed during the year, 1994 under the Chairmanship of the then Advisor (P), Shri P.P. Shrivastav, Advisor, to the Governor of Manipur initiated the importance of medicinal plants.

Moreover, aromatic plants also will play a main role in social, economic upliftment and environmental friendship.

Crop diversification

Olive, amla, ber, pumelo etc. were already growing wild. It should be cultivated as a regular crop. Similarly, strawberry could be grown to earn quick return in the prevailing/increasing demand for the fruit in the cities. Kiwi is another fruit, which could be introduced for Mao and Ukhrul areas. It is high in demand and fetches very high price in the market besides its long keeping quality. Large-scale cultivation of crops like black pepper, cinnamon and other tree spices should be encouraged.

The strategies for the state should be low volume high value crops preferably those having low perishability. Cashewnut can be introduced in suitable areas. The launching of Passion fruit farming in Senapati District has opened a new approach to in situ Horticulture based farming in the state. Common varieties grown are Australian Purple, Common Purple, Kapha selection, Prat Hybrid, Kaveri etc.

Review of literature

In East Africa, smallholder farming accounts for about 75 per cent of agricultural production and over 75 per cent of employment (Salami *et al.*, 2010). However, contributions of smallholder farming to the Region's rapid growth have remained limited. Instead, the service sector is driving growth. In Uganda and Kenya, the service sector has developed rapidly, with a growth rate of about 9.5 per cent, and has outpaced agriculture's contribution to GDP (NPA, 2010; Salami *et al.*, 2010). Why the attitude of the industrial worker is not also the attitude of the rural craftsman, and to an extent they no doubt have something in common. The craftsman knows his materials and controls them directly, so that he knows when he starts the product which he will have when he is finished (Walter C Neale, 1962). Given the importance of entrepreneurship to socio-economic growth and sustainable development, it is paramount for governments to increase the supply of entrepreneurs (Abdullahi, 2012). Added to this is the danger that well-intentioned support policies for entrepreneurship may have unintended negative consequences. These include patronage, corruption, and rent-seeking, and the prolonging of the life of inefficient and low-productivity firms (Wim Naudé, 2010) Vertical integration is a pattern of organization where various stages of the production process - genetics, feed, grow-out, processing, and distribution - are controlled by a single firm. These new systems are linking farmers, food processors, breeding companies, and other agribusinesses and are changing the way the industry does business in a fundamental way (Barkema, 1993; Barkema et.al.1991).

As the food marketing system evolves, it is bypassing the traditional marketing system and shifting toward contract production and vertical integration. Farmers growing animals under contract utilize facilities, feeding, and management strategies prescribed in detail by

the integrator or contracting firm. The key feature of the new marketing schemes is the establishment of rigid production guidelines to help ensure that raw food products will meet food processors' and ultimately consumers' more stringent demands (Barkema and Drabenstott, 1996:62-65). The extent of contract production and integration varies widely in agriculture. In animal production, the trend is most advanced in poultry production; for crops in vegetable production and specialty items such as popcorn. In contrast, relatively little wheat and feed are produced under contract or integration. The proportion is rising with increased production of specialty product grains, like white corn grown for tortilla chips. The proportion may rise further as farmers respond to a likely decline in government support for traditional crops (Barkema and Drabenstott, 1996:62-65).

Larger farms are the most likely to benefit from contractual arrangements to produce specialized products for food companies. The industry's new structure will link these farms more closely to the growing market for value-added food products. In contrast, smaller farms may face a declining market for their generic production. At best, they may become residual suppliers to the specialty product market. Thus, a more industrialized agriculture promises to add momentum to the long-standing shift toward fewer larger farms. The industry's new structure points to increased concentration of large-scale livestock and specialty crop production in fewer, scattered pockets surrounding existing or emerging marketing and processing centres (Barkema and Drabenstott, 1996).

Industrialization refers to the movement toward more direct production and marketing relationships between producers and processing. This trend is most fully advanced in the broiler industry. Under industrialization, processors attempt to secure a stable supply of a consistent product while exploiting the economies of scale in new production and processing methods. As production shifts to bigger firms and clusters around processing plants, the result is a further concentration of production (Drabenstott and Smith, 1996). The most striking structural shift, however, is underway in the pork industry which appears to be following the path toward integration blazed by the broiler industry four decades ago. The structural shift in the pork industry is having a profound effect. Huge and new integrated production units are developing in traditional pork states, such as Iowa, Missouri, and Minnesota, as well as in states that previously produced relatively little pork, such as North Carolina, Colorado, and Oklahoma (Barkema and Co ok. 1996; Barkema and Drabenstott, 1996).

Research Methodology

The present study endorsed the nature of descriptive research. Extensive past literature are review in an attempt to make the study more demanding and meaningful. The study engulfs the whole of Manipur. However, higher degree of importance are favoured to the

Five Hill Districts of Manipur, namely; Senapati District, Ukhrul District, Tamenglong District, Chandel District and Churachandpur District.

The study strictly aims to focus the deemed concerns about the adverse consequences of agricultural industrialization and the offer of new opportunities. As with any type of change, some people will benefit from agricultural industrialization while others will be adversely left affected. It is perfectly reasonable to ask what the impacts of this change might be, who might gain from this process, who might lose, and why that is the case. Therefore, taking ground to this two sided impact, the following objectives are drawn:

1. To study the opportunities and benefits through Agriculture Industrialization in Manipur.
2. To study the adverse impact or drawbacks of agriculture industrialization in Manipur.
3. To bridge the gap for sustainable agriculture.

Benefits of agricultural industrialisation in Manipur

Industrialisation in Manipur has blessed agriculture farmers' community and apparently made farming businesses became less geared toward the sufficiency of a single family as manufactured goods and foodstuffs became available by train or steamship. Instead, farms tended to concentrate on growing crops for market. Industrialization affects us because of the civilization was able to develop. Inventions like Cyrus McCormick's mechanical reaper for harvesting grains decreased the amount of labour needed to work a farm and removed the need for horses and other draft animals. Mechanization permitted farmers to expand the amount of land they had under cultivation. Farms themselves became corporate operations that achieved vertical integration by controlling distribution and marketing. Corporate farmers also invested in the genetic engineering of hardier seeds that they could also patent. Modern industrial agriculture is reliant on synthetic fertilizers and pesticides, which has dramatically increased crop yields in the second half of the 20th century. Scholars indeed call this increase in crop yields the 'Green Revolution'.

Despite our concerned about the adverse consequences of agricultural industrialization in a state like Manipur, it is also imperative while arguing that it will offer new opportunities and benefits. As with any type of change, some people will benefit from agricultural industrialization while others will be adversely affected. It is perfectly reasonable to ask what the impacts of this change might be, who might gain from this

process, who might lose, and why that is the case. The following are some important impacts of agriculture industrialisation in Manipur:

Better Opportunities

Due to agricultural industrialization, today, farmers are not limited to large-scale commodity production to maximize their return. Industrialization offers state farmers an opportunity to be part of a system that focuses on developing differentiated products, which create an opportunity to be paid for the additional value, a system where farmers will not have to settle for a commodity price. In this way, market power is created. The strategy can be described as attempting to increase earnings through a higher-valued differentiated product, rather than focusing only on lowering production costs.

Higher Demand of Agriculture Products

The rapid rate of industrialisation in the state has contributed basic agricultural commodities production in massive quantities more demanding and in the most cost-effective manner, often by large-scale commodity production. It renders both systems to exist side by side, often in the same community. Agriculture has encompassed a number of strategies and systems for the profitable production of agricultural products today in Manipur. The farm in every community has taken a drastic twist in the agriculture practice in products produced and in the production systems used then it were.

Economies of Scale

As compared to the pre-industrialisation period, today, Technology has enabled economies of scale for farmers who produce commodities, and for the farmers who produce a differentiated product. Similarly, agribusiness firm continues to strive and find ways to reduce production and distribution costs. That is, farmers have been continuing in pressurisation of their efforts to innovation and new technology adaptation, which enables them to lower per-unit production costs. Seemingly, Globalization of agricultural production, processing, and marketing also adds to these pressures. However, unlike the past, state farmers have given more attention to expanding their businesses vertically by adding new steps in processing and marketing or by establishing strategic alliances.

Specialization is not limited

Agricultural industrialization is not screwed for farmer's specialization nor likely to increase the extent to which farms and agribusiness firms specialize in the commodities or products they produce. Instead, these firms will specialize whether they produce and sell a commodity or a differentiated agricultural product. Specializing, as opposed to diversifying, will most likely create efficiencies within the firm.

Better Business Relationships and more Dependency

Horizontal collaboration is more or less seen vertical in today's agri-business communities as are been motivated by the gain of economies of scale. Collective participation in a vertically coordinated industry has shown uptrend. Vertical relationships ultimately lead to less producer independence. But these relationships will increase opportunities to learn from those with whom they do business. This conditions allows free flow and access to information that may not otherwise be available, at any price. Information technology adaptation by the farms has more or less created an environment of members of team or oneness rather the individuality. This enhances better business planning and workouts. Also, Increase the emphasis on acquiring, analysing, using and protecting private information.

Vibrant Business Partnership

Modern Technology has given a realm wherein one can purposively read, write and study about anything they wish to. This condition clearly entails one's ability to choose and decide whether to or not to? Apparently, birth of industrialisation in agriculture proves better decisions and choice for the farmers in building a good business partners. Producers and agribusiness persons will decide who they will do business with. They will obligate themselves to deliver a specified product or service. Farmers in strategic and contractual alliances may view their neighbors as competitors rather than as friends involved in the same industry. Farmers will view agribusiness firms as potential partners rather than as greedy middleman. Partnerships will not be limited to the business next door. Businesses will be able and willing to enter into business agreements with other businesses that are located many miles away or trans-border nations.

Better Risk Management

Irrespective of the nature and size of business operations, risk is an essential component that deserved extreme degree of thoughts and handling. The risk thus involved in the agribusiness Contracts exposes the parties to risks that commodity producers and processors do not currently face. One of these is the risk of having to deliver or accept delivery according to the contract, regardless of the cost of complying. Although farmers and other agricultural businesses expect to fulfil their contracts and bear the consequences if unable to do so, they will be assured a market for their product and a source for their inputs. Managing these new and different risks has made easier by an array of market based risk management tools as many of these are already being developed by commodity exchanges and insurance companies.

Drawbacks of agricultural industrialisation in Manipur

It is no doubt, that industrialization in the 19th century has rendered the family farm nearly extinct and undermined the skilled artisans in farming communities. Members of farming families moved to cities and worked in factories under unhealthy conditions and for oppressive hours. In the late 1800s, families who owned and worked farms were self-sufficient people. They provided their own food and clothes. Garments were hand-sewn and made to be practical before fashionable. Clothes would be mended and patched often. The major disadvantages of industrialization can be categorised into the following two categories:

Social Disadvantages

Manipur is a land of varied Cultural Heritage, rich natural resources, flora and fauna, perennial streams, rivers, high green hills and mountains having much of amenities for growth and development. However, Industrialization has changes the society in many ways. More or less, there arouses to be less security for workers, less continuity with the past, and the fragility of farm ownership. People move to cities, breaking family ties. Time is more regimented, making it harder to observe traditional festivals. Moreover, the potential availability of enormous resources in the villages has left untapped as people are hungry and thirsty for color jobs which the urban cities could temporarily offer. On the other hand, the remaining or the left remained persons in the villages is hampered by lack of skills for tapping out the locally available resources and to make it flourish in the markets, which has made these places all the more dull.

Environmental Disadvantages

We have heard and seen pollutions been caused and causing by Industries and Factories. Environmentally, industrialization both pollutes the environment and depletes its resources. Industry requires huge amounts of inputs such as ores and petroleum for fuel. Its outputs (in the form of waste chemicals and such) are major pollutants.

Industrialization refers to increase in industrial activities in an economy. This is almost invariably accompanied by creation of large factories and urbanization. While industrialization is essential to reap the benefit of modern technology and improve the level of economic prosperity, it also creates some problems. The major disadvantage of rapid industrialization in Manipur includes the following:

1. Deterioration of quality of life due to urbanization in the valley areas which are generally more crowded than rural areas. This leads to many problems for the individual and the society including psychological disorders, crimes and other social problems.

2. Urbanization also leads to environmental pollution such as destruction of forests resources and extinction of many varieties of animals and plants for human settlement of wise.
3. Loss of individuality or ownership of factory workers. Frequently people working in large factory do some simple, repetitive jobs, that gives them no job satisfaction and they feel alienated.
4. High degree of dependency of machines erodes the importance of individual power. For example workers are required to work in shifts to improve utilization of expensive equipment.
5. The increased use of physical comforts and new products frequently has negative impact on health of individual leading of increase in diseases such as obesity, diabetes and heart attacks.
6. Excessive pollution created by industrial production as well as consumption activities. This one problem like that of urbanization leads to hundreds of associated problems.
7. The increased advertisement and application of genetic crops seeds for higher crop yields, which requires heavy dose of industrial chemical and fertilizers, is directly or indirectly suicidal to health and environment.
8. Industrialisation plays a pioneering role in the destruction of traditional locally farming system and cultures which are more economical and environmentally at large.

Bridging the gap for sustainable agriculture

While agriculture's share in India's economy has progressively declined to less than 15% due to the high growth rates of the industrial and services sectors, the sector's importance in India's economic and social fabric goes well beyond this indicator. First, nearly three-quarters of India's families depend on rural incomes. Second, the majority of India's poor (some 770 million people or about 70 percent) are found in rural areas. And third, India's food security depends on producing cereal crops, as well as increasing its production of fruits, vegetables and milk to meet the demands of a growing population with rising incomes. To do so, a productive, competitive, diversified and sustainable agricultural sector will need to emerge at an accelerated pace.

India is a global agricultural powerhouse. It is the world's largest producer of milk, pulses, and spices, and has the world's largest cattle herd (buffaloes), as well as the largest area under

wheat, rice and cotton. It is the second largest producer of rice, wheat, cotton, sugarcane, farmed fish, sheep & goat meat, fruit, vegetables and tea. The country has some 195 m ha under cultivation of which some 63 percent are Rain-fed (roughly 125m ha) while 37 percent are irrigated (70m ha). In addition, forests cover some 65m ha of India's land.

By the year 2025, 83 per cent of the expected global population of 8.5 billion will be living in developing countries. Yet the capacity of available resources and technologies to satisfy the demands of this growing population for food and other agricultural commodities remains uncertain. Agriculture has to meet this challenge, mainly by increasing production on land already in use and by avoiding further encroachment on land that is only marginally suitable for cultivation.

Major adjustments are needed in agricultural, environmental and macroeconomic policy, at both local and state levels, in valley as well as hill areas, to create the conditions for sustainable agriculture and rural development. The major objective of the state policy makers should be set as is to increase food production in a sustainable way and enhance food security. This will involve education initiatives, utilization of economic incentives and the development of appropriate and new technologies, thus ensuring stable supplies of nutritionally adequate food, access to those supplies by vulnerable groups, and production for markets; employment and income generation to alleviate poverty; and natural resource management and environmental protection.

When we talk of sustainable industrialised agriculture development in a state like Manipur, the priority must be on maintaining and improving the capacity of the higher potential agricultural lands to support an expanding population. However, conserving and rehabilitating the natural resources on lower potential lands in order to maintain sustainable man/land ratios is also necessary. The main tools of sustainable agriculture development must at a focal point to the optimistic policy and agrarian reform, participation, income diversification, land conservation and improved management of inputs. The success of sustainable agriculture development will depend largely on the support and participation of rural people, State/National Governments, the private sector and local bodies, including technical and scientific cooperation.

Concluding Observation

The major disadvantages of industrialization were the change in farming methods, culture of the farm town and potential traditional business collapse. Today, industrialization has made farmers left the fields in favour of a steady pay check. This gave rise to bigger insecurity in food productions and farms which required newer technology to grow product faster and be able to weed easier coupled by the hybrid seeds that have less

nutritional value and pesticides which destroyed things other than weeds, like birds. The culture of the farm town also went away. Farm towns were places where communities of people came together to help each other out in hard times. The towns were small, the schools were small and children had a harder time slipping through the cracks because everybody knew everybody else. One could argue that this was not always a good thing.

Then there is the problem when the factory closes, creating too many families where the bread winner no longer had a pay check. For instance, let's assume, a time come about when a situation where big industries and companies collapse due to lack of raw materials for production. At then, re-ruralisation is our only big or small concept. Without a backup industry, families move; often leaving their now worthless home behind, creating ghost towns and micro depressions within those areas. There were many advantages to industrialization, and one shouldn't minimize them, but it did change many things for the worse.

The above mentioned thoughts are quite accurate. It can be suggest that there is an intense environmental disadvantage to industrialization. The wide open spaces that serve as natural habitats and areas where communion with nature is evident are destroyed in name of economic progress. And such living example in the state can name as the construction of Mapao Dam, Mapithel Dam, etc. living many homeless and at worse destroying our natural and forest resources. The mass urbanization and cities that end up resulting from the factory system help to create over-crowded conditions where the delicate balances of the ecosystem are destroyed. Additionally, factories that use the burning of fossil fuels release contaminants in the environment that end up creating huge plumes of polluted area, and trapping gasses that increase the Earth's temperature. From a theoretical point of view, the disadvantage with agriculture industrialization is that it ends up forcing a choice with the respect of nature and the respect for the dollar. Economic progress ends up trumping environmental advocacy and in this light there is a significant perceived disadvantage with agriculture industrialization. While industry is a driving force of all social orders, to have it trade off with environmental protection and awareness is an intense disadvantage.

One of the advantages of the production methods prior to industrialization was that things were generally produced locally with local expertise such exemplary evidence in Manipur is the aged old handloom and earthen pottery industry which is still surviving at a cross road due to the rapid industrialisation in its operation. One of the frustrating things about our industrial system that all of us have dealt with is the inability to get something repaired or the incredible difficulty in getting a replacement or refund. Prior to mass production, a craftsman's reputation and future success was on the line so if something was defective or there was a problem, they would generally attempt to fix it in order to maintain that

reputation. It was also locally repairable as opposed to needing to be sent to some distant service center. However, it is notable to ink that despite the many advantages of agriculture industrialisation, the State and the people has witnessed certain failures of agricultural industrialisation, which bears an unrepairable mark on the traditional farming community of the State. More importantly, the disappearance of Small Village and Khadi industries which were once vibrantly contributing to the state economic growth today stood at its total extinction and this is directly an impact of industrialisation in the agriculture farming system of the State.

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AN ANALYTICAL STUDY OF FINANCIAL SOUNDNESS AND HEALTH OF SELECTED HEALTH INSURANCE COMPANIES IN INDIA: A STUDY BASED ON CAMEL MODEL

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Abstract: *Due to the Covid-19 situation, all the people of our country started to buy more health insurance policies which improve the performance of health insurance companies. Insurance companies are in the core business of managing the risk of individuals and corporations. The Indian industry needs a deep analysis of the various factors affecting its financial performances. So for analysing the working of an insurance company, different financial indicators are well explained in the CAMEL model. So, the main objectives of the research paper is to study, in detail about CAMEL Model framework with reference to Health Insurance Companies and to analyze the financial performance and Soundness of health insurance companies with the help of CAMEL Model and with the help of F-test and T-test. After the research study, researcher has concluded that financial Soundness and health of HDFC ERGO health insurance Co. Ltd is good because Earnings/Profitability Ratio of that particular company is well so, if investors or stakeholders want to invest or purchase health insurance product so they can purchase from the HDFC ERGO health insurance Co. Here in the case of re-insurance, management soundness, and earnings/ profitability, H_0 (Null) hypothesis is fails to accept it means there is a significant difference in the ratios of selected companies during the study period. It is*

also concluded that the performance of HDFC ERGO Health Insurance Company Ltd is very good During the Study period according to CAMEL model ratio.

Keywords: -*Actuarial issues, CAMEL Model, Liquidity and Core set of Ratios*

Introduction

Today, health care costs are very high and getting higher. Who can pay your bills if you've got a significant accident or a serious illness? You buy insurance for an equivalent reason you purchase other forms of insurance or for your security, to guard yourself financially as well as mentally. With insurance, you protect yourself and your family just in case you would like medical aid that would be very expensive somewhere. You can't predict what your medical bills are going to be. In a good year, your costs could also be low. But if you become ill, your bills might be very high in the future. If you've got insurance, many of your costs are covered by a third-party payer, instead of you. Third-party payers are often an insurance firm or Company, in some cases; it is often your employer also. Health insurance provides insurance regarding medical as well as health-related benefits to the individual person and family member for their security. Health insurance plans provide regarding reimburse insured customers for their medical expenses, and another cost like including treatments, surgeries, hospitalization, and the like which arise from injuries/illnesses, or directly pay out a certain pre-determined sum to the customer this all the facility provided by the health insurance company/insurance provider. A health insurance policy offers coverage for any future medical expenses of the customer/policyholders. This is an agreement between the insurance company and the policy taker where the former agrees to guarantee payment/compensation for medical costs in case the latter is injured/ill in the future, leading to hospitalization and accident fact of the policyholders. In most cases, insurance companies have tie-ups with a network of hospitals, thereby ensuring the facility which cashless treatment for patients there. (Pariasamy, 2012)¹

Review of literature

Udaibir et al 2003), The researchers have concluded the financial soundness indicators are useful for monitoring and shriveling, but certainly are not the only tool that should be used. The researchers have also concluded that these model/factors we can use to know financial health and soundness when we are sure about data which we will use for our data analysis. (Udaibir, Nigel, & Rechar, 2003)². **Jaylakshmi et al (2016)**, The researcher has

¹Pariasamy, P. (2012). *Principles & Practice of Insurance*. Mumbai: Himalaya Publication House.

² Udaibir, S., Nigel, D., & Rechar, P. (2003, July). *Insurance and Issues in Financial Soundness*. IMF Working Paper by International Monetary Fund, pp. 1-44.

found in study 505 of policyholders were in the age group of 35-55 years which means the younger age group is highly aware of the need for health insurance. The researcher has also found there is no significant association between occupation, income level with health insurance policy, and based on secondary data means based on CAMEL model analysis the UIICL secured the First rank followed by Munich re, NIACL, STAR, ICICI, and BAJAJ. It shows that the public sector companies had better overall performance as they have government support, huge investment reserve, and a good public image in the market. (Jaylakshmi, 2016)³. **Pius, B., et al (2020)**, this study evaluated the impact of COVID-19 on the insurance industry from March to June 2020 in Ghana. The researchers have found in this study the covid-19 has posed a sudden and unexpected shock to the insurance industry so the financial impact is huge with profits dropping by 16.6% within the period under review march to June-2020 after that total premium has dropped by 17.01% while the claim has increased by 38.4% most companies have reduced market share with only a few maintaining their market share estimated loss in the insurance industry within the period of review is GH€12 Million.(Pius, Xiaohaa, Amatus, Doris, David, & Dehui, 2020)⁴.**Krishna Veni (2018)**, this study applied the CAMEL model using descriptive statistics and ANOVA. From the study, it is clear that LIC has managed with minimum statutory requirements as per the IRDA regulations almost during the entire study period, however, ICICI Prudential capital adequacy ratios have registered increasing trend and other insurers have shown erratic trend. Based on the results, this study concluded that the null hypothesis is rejected since there is a significant difference in all the CAMEL indicators of the selected insurance companies considered for this study at a 1% level of significance. However, it is also clear from the results that the null hypothesis is accepted in the case of total earnings and profitability ratio since there is no significant difference across the selected life insurers. (Veni & C., 2018)⁵. **Showker Dar & Javed (2015)**, evaluated the financial performance and soundness of selected public and private life insurance companies. The overall results reveal that selected private life insurers' capital adequacy level is far better than the mean capital adequacy level of public life insurers. However, in terms of earnings and profitability, public life insurers have outperformed private life insurers during the period. (Showke & Javed, 2015)⁶. **Singh Anoop Kumar & Fatima Sumbul (2017)**, attempted to assess the performance of ICICI Prudential Life Insurance and to identify the reasons for its good reputation and capturing a good market

³ Jaylakshmi, J. (2016). *Performance of Selected Health Insurance companies in India: An Evaluation*. Osmania University, Department of Commerce Osmania University. Hyderabad: Published dissertation(Sodhganga).

⁴ Pius, B., Xiaohaa, Y., Amatus, G., Doris, A. A., David, N., & Dehui, B. (2020, August 10). *The Impact of COVID-19 on the Insurance Industry*. *International Journal of Environmental Research and Public Health*, 1-14.

⁵ Krishna, V. (n.d.). *Application of CAMEL Model to Life insurance Companies in India-A Comparative Analysis*.

⁶ Showke, A. D., & Bhat, J. A. (2015). *A Comparative Evaluation of Financial performance and Soundness of Selected Public and Private Life insurers in India*. *Pacific Business Review Internation*, 7, 1-10.

share in the life insurance industry. These are further statistically tested with the help of the one-sample t-test. All the above research are mainly focused to assess the financial performance of the life insurance companies of public and private sector companies with a comparative outlook during different periods. However, this present study deals with five selected life insurance companies during the recent decade. Researchers have found there is a significant difference in the Ratio of the CAMEL Model. (K. & Sumbul, 2017)⁷. **Sumit Bodla et al (2017)**, Profitability Performance of Life insurance Companies-A study in Indian Context, The study revealed that, among the private sector life insurers, the average net premium for the last 5 years was found the highest in the case of ICICI Prudential followed by HDFC Standard and SBI Life whereas the lowest premium was mobilized by IDBI Federal followed, in the upside, by Exide life. The CAGR of investment income was found the highest in the case of ICICI Prudential (87.5%) followed by Birla Sun life (63.79%) and Tata AIA (57.9%) during the recent 5 years i.e. 2012-16. In the recent 5 years, the CAGR of underwriting income has declined in the case of almost every private sector company. Thus, in light of the above findings, it can be concluded that many life insurers in India are required to improve their underwriting income for sustainable development. Further, they need to have control of expense ratios and other outflows to register profits. (Bodla, T., & S., 2017)⁸. **Valeed, A., Ansari & Wubshet F. (2014)**, This study aims to examine the financial soundness and performance of life insurance companies in India. Researchers have used the CAMEL model; these parameters capture the key operations of life insurers. Typically, the overall financial soundness and performance is a summation of adequate risk management & sound inbuilt control system, and effective & efficient business underwritings. The researchers have selected seven registered life insurers companies after that examined five years from 2008-09 to 2012-13. The researcher has found there was a significant difference between capital adequacy, asset quality, management efficiency, earnings & profitability, and liquidity position in private and public life insurance companies. (Valeed, Ansari, & Wubsher, 2014)⁹.

Objectives of the Study

1. The main objective of the research paper is to study, in detail about CAMEL Model framework with reference to Health Insurance Companies.

⁷Anoop, K., & Sumbul, F. (2017). *Performance Appraisal of ICICI Prudential Life Insurance Company Ltd Using CAMEL Model. The India Journal of Commerce* , 70 (2), 85-91.

⁸ Sumit, B., Deepak, T., & B.S, B. (2017). *Profita Performance of Life Insurance Companies- A Study in Indian Context. Internatinal Journal of Computing and Business Research(IJCBR)* , 7 (3), 1-28.

⁹ Valeed, A., Ansari, & Wubsher, F. (2014). *Financial Soundness and Performance of Life insurance Companies in India. Interantional Journal of Research(IJR)* , 8 (1), 1-30.

2. To analyse the Financial Soundness and Performance selected insurance companies with the help of CAMEL Model.

Hypothesis of the Study

H₀ = There is no significant difference between Capital Adequacy, Assets Quality, Re-Insurance Actuarial, Management Soundness, Earnings/Profitability and Liquidity ratios during the study period at a 95% Confidence Level.

H₁ = There is a significant difference between Capital Adequacy, Assets Quality, Re-Insurance Actuarial, Management Soundness, Earnings/Profitability and Liquidity ratios during the study period at a 95% Confidence Level.

Research Methodology

Research-based on **Analytical** means the researchers are already having data and analyze them to make a critical evaluation of the theoretical Information. Secondary data is public information that has been collected from the IRDA and Annual Report of Companies. The period 2016-2020 and two health insurance companies are selected based on simple random sampling (U., 2012) (Kothari, 2004)^{10, 11}

Data Collection

The data collection is a very important task for the researcher for the research study. This research study is mainly based on secondary data. The secondary data shall be collected from the records, documents, related subject matter, and related websites. Besides, the researcher shall collect and analyze published data as per the requirement and f-test and T-test used by the researchers for the testing of hypothesis. (Chavala & S., 2011)¹²

Data Analysis

Table: 1.1: CAMEL Model Ratio of Aditya Birla Health Insurance co. and HDFC ERGO Health Insurance Company.

Com	CAR ¹		AQR ²		RIAR ³		MSR ⁴		E/P ⁵ R		LR ⁶	
Year	ABHI	HDFC	ABHI	HDFC	ABHI	HDFC	ABHI	HDFC	ABHI	HDFC	ABHI	HDFC
2016	-	0.08	0.99	0.99	-	0.09	-	0.05	(0.84)	(0.14)	0.25	0.19

¹⁰ Kothari, C. R. (2004). *Research Methodology*. New Delhi: New age International Publishing House.

¹¹ U., B. (2012). *Research Methodology*. New Delhi: Excel Book Private Publication.

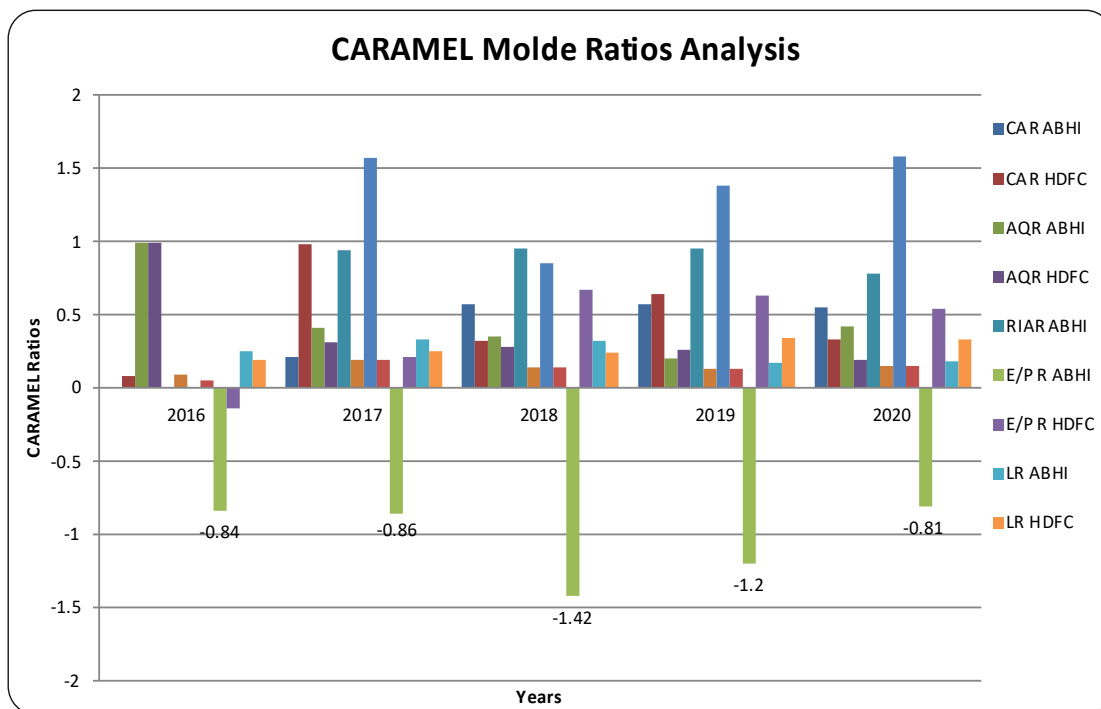
¹² Chavala, D., & S., N. (2011). *Research Mehtodology*. New Delhi: Vikas Publication house Pvt Ltd.

2017	0.21	0.98	0.41	0.31	0.94	0.19	1.57	0.19	(0.86)	0.21	0.33	0.25
2018	0.57	0.32	0.35	0.28	0.95	0.14	0.85	0.14	(1.42)	0.67	0.32	0.24
2019	0.57	0.64	0.20	0.26	0.95	0.13	1.38	0.13	(1.20)	0.63	0.17	0.34
2020	0.55	0.33	0.42	0.19	0.78	0.15	1.58	0.15	(0.81)	0.54	0.18	0.33
Mini	0.57	0.98	0.99	0.99	0.95	0.19	1.58	0.19	-0.81	0.67	0.33	0.34
Max	0.21	0.08	0.2	0.19	0.78	0.09	0.85	0.05	-1.42	-0.14	0.17	0.19
Ave	0.475	0.47	0.474	0.406	0.905	0.14	1.345	0.132	-1.026	0.382	0.25	0.27

(Sources: Self Constructed from Annual Reports)

1. CAR¹ = Capital Adequacy Ratio **2. AQR²**= Assets Quality Ratio **3. RIAR³**= Re-Insurance Actuarial Ratio **4. MSR⁴**= Management Soundness Ratio **5. E/P⁵** R= Earnings/Profitability Ratio **6. LR⁶**= Liquidity Ratio

Figure: 1.1 CAMEL Model Ratio of Aditya Birla Health Insurance co. and HDFC ERGO Health Insurance Company.



Data Analysis:

In the year 2016, there was no Gross premium and net premium received by Aditya Birla health insurance Company but in the case of HDFC ERGO health insurance Co. Ltd, there was Gross premium and net premium relatively high so companies Capital Adequacy Ratio and Re-Insurance Actuarial Ratio can be calculated in HDFC ERGO health insurance Com. Ltd. According to above table no: 1.1 Capital Adequacy ratios properly maintain by the HDFC ERGO health insurance Co. Ltd because of that company relatively high capital adequacy ratio.

However, both the company's assets quality ratio is proper in the selected five years. Re-Insurance actuarial ratio of Aditya Birla health insurance companies performing well during the study period but if we compare with HDFC ERGO health insurance Co. Ltd so, the performance of Aditya Birla health insurance companies good than the HDFC ERGO health insurance Co. Ltd. The management soundness ratio is good in Aditya Birla health insurance companies because of the highest management soundness in the year 2020. If we analyze earning/profitability ratio it was very poor in the Aditya Birla health insurance companies because the claim solves by the Aditya Birla health insurance companies was high so the profitability ratio was very poor. If we discuss the liquidity ratio so, both company's liquidity maintenance is poor in both companies.

Table No: 1.2: Result of F-test for equality of variance

Sr.no	CAMEL Ratio of Both Companies	P-Value	Result
1	Capital Adequacy Ratio	0.2985	Equal
2	Assets Quality Ratio	0.4339	Equal
3	Re-Insurance Actuarial Ratio	0.0001	Unequal
4	Management Soundness Ratio	0.0001	Unequal
5	Earnings/Profitability Ratio	0.3295	Equal
6	Liquidity Ratio	0.3774	Equal

(Sources: Self Constructed)

Table no.:1.2 shows the result of the F-test to know Equality and Inequality of CAMEL Model ratios. If P-value is less than 0.05 it means the variance is unequal. Therefore, from the above table, it can be concluded that the Re-Insurance actuarial ratio and Management Soundness ratio are Unequal so, the researchers have used a t-test for assuming Inequality of variance. But in other ratios like Capital adequacy, assets quality, earnings, and liquidity ratios equal variance so; the researchers have used a t-test for assuming equality of variance.

Table No: 1.3: Result of t-test for equality and inequality

t-Test: Two-Sample Assuming Equal Variances		
1. Capital Adequacy Ratio	ABHI	HDFC
Mean	0.38	0.47
Variance	0.0686	0.1208
Observations	5	5
Pooled Variance	0.0947	
Hypothesized Mean Difference	0	
df	8	
t Stat	-0.4624	
P(T<=t) one-tail	0.3280	
t Critical one-tail	1.8595	
P(T<=t) two-tail	0.6560	
t Critical two-tail	2.3060	
t-Test: Two-Sample Assuming Equal Variances		
2. Assets Quality Ratio	ABHI	HDFC
Mean	0.474	0.406
Variance	0.09093	0.1085
Observations	5	5
Pooled Variance	0.09973	
Hypothesized Mean Difference	0	
df	8	
t Stat	0.3404	
P(T<=t) one-tail	0.3711	
t Critical one-tail	1.8595	
P(T<=t) two-tail	0.7422	
t Critical two-tail	2.3060	
t-Test: Two-Sample Assuming Unequal Variances		
3. Re-Insurance Actuarial Ratio	ABHI	HDFC
Mean	0.724	0.14
Variance	0.1690	0.0013
Observations	5	5

Hypothesized Mean Difference	0	
df	4	
t Stat	3.1641	
P(T<=t) one-tail	0.0170	
t Critical one-tail	2.1318	
P(T<=t) two-tail	0.0340	
t Critical two-tail	2.7764	
t-Test: Two-Sample Assuming Unequal Variances		
4. Management Soundness Ratio	ABHI	HDFC
Mean	1.076	0.132
Variance	0.4498	0.0026
Observations	5	5
Hypothesized Mean Difference	0	
df	4	
t Stat	3.1381	
P(T<=t) one-tail	0.0174	
t Critical one-tail	2.1318	
P(T<=t) two-tail	0.0349	
t Critical two-tail	2.7764	
t-Test: Two-Sample Assuming Equal Variances		
5. Earnings/Profitability Ratio	ABHI	HDFC
Mean	-1.026	0.382
Variance	0.0735	0.1178
Observations	5	5
Pooled Variance	0.095725	
Hypothesized Mean Difference	0	
t Stat	-7.1954	
P(T<=t) one-tail	4.68E-05	
t Critical one-tail	1.8533	
P(T<=t) two-tail	9.26E-05	
t Critical two-tail	2.3133	
t-Test: Two-Sample Assuming Equal Variances		

6. Liquidity Ratio	ABHI	HDFC
Mean	0.25	0.27
Variance	0.0056	0.0040
Observations	5	5
Pooled Variance	0.00485	
Hypothesized Mean Difference	0	
t Stat	-0.4540	
P(T<=t) one-tail	0.3309	
t Critical one-tail	1.8595	
P(T<=t) two-tail	0.6618	
t Critical two-tail	2.3060	

(Sources: Self Constructed)

As per the table no.:1.3 shows the result of ANOVA of CAMEL Model ratios in that case the P-Value (Significance) in ANOVA table is more than the 0.05 at the 95% confidence level. Therefore H_0 (Null) hypothesis is Accepted so, it can be conclude

From the above table no 1.3 it can see the result of the t-test capital adequacy ratio of HDFC ERGO health insurance Co. is better than the Performance of Aditya Birla health insurance companies and it can be concluded that based on the t-test there is no significant difference between Capital Adequacy ratios of both the selected companies during the study period.

Based on assets quality ratio is good in Aditya Birla health insurance Company than the HDFC ERGO health insurance Company. Here null hypothesis is also accepted because the p-value is more than 0.05 so, it is concluded that there is no significant difference between the Assets quality ratios of both the selected companies during the study period.

Based on re-Insurance actuarial ratio is batter in HDFC ERGO health insurance Company than the Aditya Birla health insurance company and based on the t-test, it can be seen that there is a significant difference between re-Insurance actuarial ratios of both the selected companies during the study period. The researchers have also said the reason of fail to accept the null hypothesis because the p-value is less than 0.05.

Management soundness is very good in Aditya Birla health insurance Company than the HDFC ERGO health insurance Company. Based on the t-test, the p-value is less than 0.05 so; the null hypothesis fails to accept it means there is a significant difference in the management soundness ratio in both the selected companies.

Based on Earnings/Profitability performance of the HDFC ERGO health insurance

Company more the better than the Aditya Birla Health Insurance Company and the null hypothesis is also fail to accept in earnings.

Liquidity performance is the same in both the companies during the study period and there is no significant difference in the liquidity of both companies during the study period.

Conclusion

After the research study, the researcher has concluded that the financial Soundness and health of HDFC ERGO health insurance Co. Ltd is good because the Earnings/Profitability Ratio of that particular company is well so if investors or stakeholders want to invest or purchase health insurance product so they can purchase from the HDFC ERGO health insurance Co. But if we see through the different aspects claim solvency ratio of Aditya Birla Health insurance company is good in assets quality, Re-Insurance Actuarial, Management Soundness, Earnings/Profitability and Liquidity ratio during the period and it much fluctuates during the study period so before investing in that particular company's investors has to analyse the situation. Here in the case of re-insurance, management soundness, and earnings/ profitability, H_0 (Null) hypothesis is fails to accept it means there is a significant difference in the ratios of selected companies during the study period. It is also concluded that the performance of HDFC ERGO Health Insurance Company Ltd is very good During the Study period according to the CAMEL model ratio.

9. LIMITATIONS OF THE STUDY

Each study cannot be free from limitations. Some limitations likewise, the limitation of time, areas, economic, efforts, scope as well as the method of the study. Some limitations for present research work are as under.

- 1.The study is related to the Insurance sector but the researcher has selected only the health insurance sector and information has been collected from online sources it may deficiency in that information.

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A STUDY OF EMOTIONAL INTELLIGENCE FOR EFFECTIVE LEADERSHIP

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Abstract: *For several years it was noticed that the conventional intelligence was that emotion which has no position in the work, and the Ideal leader is the one who come up to the problems sensibly and unemotionally. On the other hand, the truth is that human emotions are inevitable and most predictable element when a group of people come together and perform a certain task. And it was seen very often when human emotions are understood wisely on a challenging task, by the leader the effectiveness always increase because its became easy for leaders to connect with the followers. In current scenario when working change environment has witnessed a lot of change there's a paradigm shift not only in cultures, gender and workplace emotional intelligence is also an inevitable part in the organisation and it has a direct connection with the humans. Cognition and affect, intelligence and emotions have somehow combines two of the three state of mind in emotional intelligence. Emotional intelligence (EI) refers to the capability to perceive, organize and assess the emotions. A number of researchers say that emotional intelligence can be learned whereas various researchers say Emotional Intelligence is an innate trait. Today's workplace isn't about working and getting things done o task done rather it is about group of people working together with diversity of emotions yet working to achieve the organisational goal. Emotional intelligence isn't about being soft; it's a different method of being smart having the ability to use his or her emotions to help them build choices in the moment and have more effective control over themselves and their impact on followers. This research papers intends to explain the study of emotional intelligence facilitates effective leadership.*

Key words: *Leadership, Effective, Emotional Intelligence.*

Introduction:

The 21st century brings with it a dynamic working space with extremely competitive surroundings, in which each business should adapt to a rapidly changing society with

continually shifting demands and opportunities. The economy has left global which is focused by innovations and technology and the organization needs to transform itself to meet the expectations of new customers. Leaders furthermore need to be able to adapt to changing circumstances in their field of work, or in their roles and members of their team. Being able to understand, understand and be aware of your feelings and those around you, should help you navigate through a changing world and even become a successful leader. Emotional intelligence will enable the person to be more accommodating in society.

According to the Harvard Business Review, emotional intelligence is a key leadership skill — and for a leader to be truly effective, they must be adept at managing their relationship in a positive way. Being the leader of a group of people is a very important relationship with them. Leadership is described as the heart of each organization and is a process of leading followers / team. To achieve better results from employees and achieve organizational goals, the leader must be able to understand the pulse of the employees and their own.

Emotional intelligence describes the ability, ability, skills, or self-perceived ability of groups to identify, evaluate, and manage one's own, others, and groups' own feelings. People who possess a high level of emotional intelligence know themselves well and are also able to understand the feelings of others. Being able to relate behavior and challenges to emotional intelligence on workplace performance is a huge advantage in building an exceptional team. One of the most common factors that leads to retention issues are communication deficiencies that cause inconsistency and suspicion.

To understand the emotional intelligence competencies required for effective leadership, there are following elements.

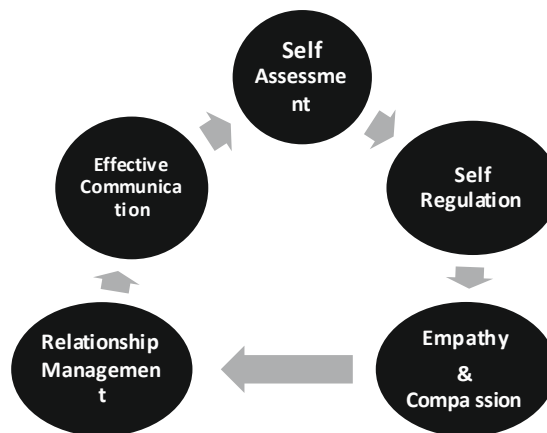


Fig.1 Elements of Emotional Intelligence Competencies for Effective Leadership.

1. **Self-assessment:** It can be defined as the ability to recognize one's own feelings, strengths, weaknesses, values and drivers and understand their impact on others.
2. **Self-regulation:** Also known as discipline. It involves controlling or redirecting our disruptive emotions and adapting to changing circumstances so that the team can be headed in a positive direction. Leaders cannot afford to lose their cool. Calming is contagious, as is panic. When you take a leadership role you cannot panic when things get tense. When you are calm and positive you can think and communicate more clearly with the team.
3. **Empathy and Compassionate:** Empathy is the ability to put oneself in someone else's shoes and understand how they may feel or react in a certain situation. When there is sympathy in a person, the ability to feel compassion is open. The emotion we feel in response to grief inspires a desire to help. The more we relate to others, the better it will be at understanding what motivates or encourages them.
4. **Relationship Management:** Maintaining a healthy and productive relationship is essential to one's ability to achieve high emotional intelligence. An individual must have the ability to communicate relationships effectively and properly in order to move a team in a desired direction.
5. **Effective Communication:** Communication is an important part of leadership. A leader has to communicate the message in such a way that every follower has a clear message of what they are told. Studies show that effective communication is 7% of the words we say and 93% tone and body language. Misunderstandings and lack of communication can lead to bitterness in business failure, problems among people and confusion among employees.

Review of Literature

According to Law, Wong and Song (2004) conducted a study to identify the relationship of EI with the Big Five personality dimensions, life satisfaction, feelings of powerlessness, and job performance. Two studies were conducted — Study 1 examined 202 undergraduate students at a large university in Hong Kong and 2 216 vocational undergraduates in Study 2 were administered measures of the aforementioned variables. The study concluded that although EI was related to the Big Five Personality dimensions, it was distinct from them. EI was found to be positively associated with life satisfaction and job performance, but negatively associated with feelings of powerlessness.

According to Nell & Villiers (2004), studied the relationship between EI and job performance of 135 call centre agents working in customer services, sales and administration at a life insurance company in the Western Cape, South Africa. The study

confirmed a strong positive relationship between EI and job performance in call centres. In addition, out of all emotional competencies, self-management and confidence largely contributed to effective job performance.

According to Van Rooy, Alonso and Visvesvaran (2005) studied the role of gender differences and age in the EI of 275 undergraduate students studying at a large south-eastern university. They found that women had higher EI levels than men and that age had a positive and significant relationship with EI.

According to Farisli, Ghani and Freedman (2006) conducted a research on 405 people between the ages of 22 and 70 in the USA. They found that age has a positive and significant relationship with EI but the relationship is weak. He claimed that EI is slightly higher among older people.

According to Grin (2010), the relationship between EI symptoms and their performance of 268 call centre leaders at a medical aid administration organization in Johannesburg, South Africa was studied. The study found no significant relationship between overall EI and job performance of call centre leaders.

Objective of the Study:

The main objective of the study is:

1. To study of emotional intelligence facilitates effective leadership.
2. To study the domains of Emotion Intelligence in personality

Analysis and Interpretation

Emotional Intelligence Facilitates Effective Leadership: To study this objective a survey has been done among 50 people in which 32 respondents are male and 18 are females.

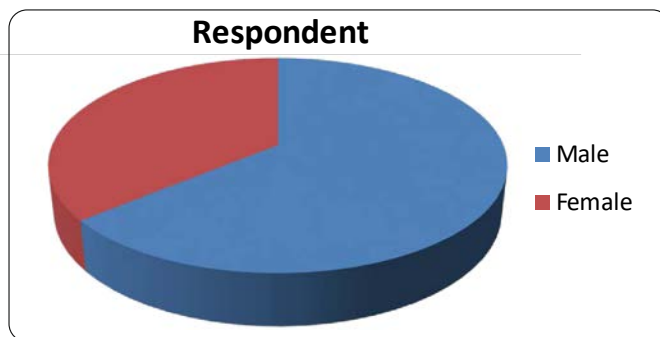


Fig 2: Showing Male and Female response

The second question was asked from the respondents is emotional intelligence is a key to successful leadership. 40 respondents said yes to the answer whereas 10 respondents said no.

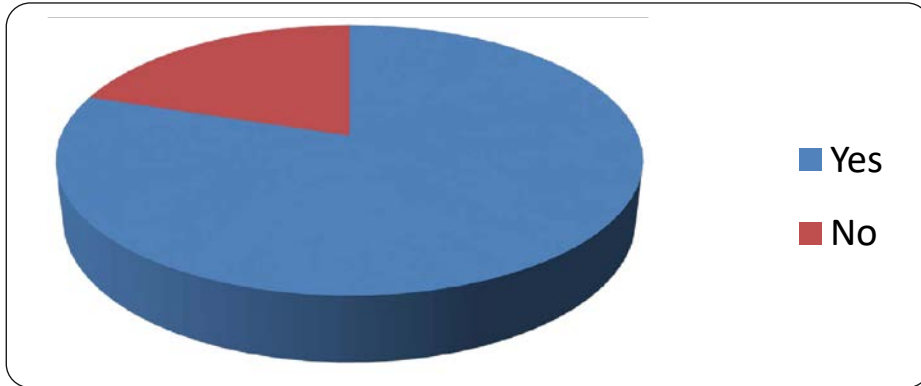


Fig 3: Showing emotional intelligence is a key to successful leadership

When asked from the respondent what are different ways to develop more Emotional intelligence as a leader respondent says that the leader should more compassionate with the followers, the leaders should learn to accept feedback without becoming defensive.

Emotional Intelligence Domain: Individuals have different personalities, desires, needs, and ways to explain their belief. To navigate through it entail tact and cleverness — particularly if one hopes to succeed in life. This is where the theory of emotional intelligence helps. In the most general framework, the five domains of emotional intelligence are covered simultaneously and are separated into personal (self-awareness, self-regulation and self-motivation) and social (social awareness and social skills) competencies.

Competence	Characteristic
Self-Awareness	<ul style="list-style-type: none"> • Emotional Consciousness • Precise Self Evaluation • Self –Belief
Self-Regulation	<ul style="list-style-type: none"> • Self Organize • Reliability • Conscientiousness • Flexibility • Innovativeness

<p>Self Motivation</p>	<ul style="list-style-type: none"> • Self-Realization • Dedication • Creativity • Self-Assurance
<p>Social Awareness</p>	<ul style="list-style-type: none"> • Understanding • Service Orientation • Developing Peer Group • Leveraging Diversity • Political Understanding
<p>Social Skills</p>	<ul style="list-style-type: none"> • Power • Communication • Leadership • Change Catalyst • Conflict Supervision • Building Relationship • Group Potential • Teamwork And Mutual Aid

Emotional Intelligence matters for a Leader

The leaders set the outlook of their organization. If they not have emotional intelligence, this may have far-reaching consequences, consequential in lower member of staff engagement and elevated turnover rates. Leaders, who are emotionally intelligent promote safe and sound surroundings, where workforce sense comfortable taking calculated risks, suggest ideas and to offer their opinions in such a secure surroundings, functioning collaboratively is not just an purpose, rather it is absolutely woven into organizational culture. When a leader is emotionally intelligent, they can use emotions to advance the organization. Leaders have the responsibility of influencing any necessary change in the organization, and if they are aware of others' potential emotional reactions to these changes, they plan and devise the most optimal ways to make them. In addition, emotionally intelligent leaders do not take things personally and are able to move forward with plans without worrying about the impact on their ego. A leader can learn emotional intelligence in the organization in the following ways and these are:

- **Paving the way:** A leader paves the way for his followers, who will help the organization achieve the goal. A leader should encourage participants so that they can work more effectively. A leader has to assess the need of the organization and then work accordingly.

- **Making change work:** A leader should foster a positive relationship between instructors and learners. He should make the goal clear to the participants. He must practice the performance and provide followers with an opportunity for feedback.
- **Encourage the transfer and maintenance of change:** A leader must develop an organizational culture that supports learning. He should encourage the use of skills at work.
- **Evaluate change:** A leader must evaluate the performance of his follower and give them appropriate feedback so that followers can learn more and develop themselves.

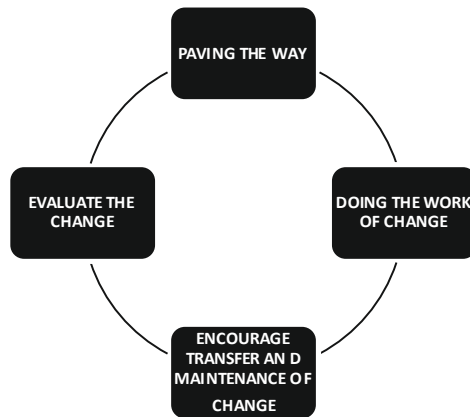


Fig 4. High-quality practices that encourage Emotional Intelligence in the workplace

Conclusion: A leader is one who motivates the followers who develop self-awareness among the followers. Effective leadership plays a significant role in managing a business in the current industry surroundings, for the old ways of business management are not enough to sustain a company in the contemporary market. Since modern organizations always look to advance the performance, they distinguish that purpose; measurable benefits can be derived from superior emotional intelligence. Naturally the criteria for effective in the organization are changing too. Staffs are judged by new yardstick not just by how smart they are rather the new parameters like training, expertise, development and how they handling a situation. And that is strongly influenced be personal qualities such as perseverance, self-control, and skill in getting along with others. With the help of emotional intelligence the leader can create and manage a working environment of flexibility, responsibility, standards, rewards, clarity and commitment.

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THE ROAD TO FEDERALISM AND THE WAY AHEAD FOR INDIA

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***Abstract :** Winston Churchill once in his speech at the London's Constitutional Club in 1931 said, "India is no more a political personality than Europe, it is a geographical term and is no more a united nation than the equator."¹³ This was the popular perception of colonial India. It was fragmented, divided on communal, regional, and monarchical lines. It was unfathomable for the western leaders to imagine such diverse regions coming together in future to form a nation united under one flag. But this was possible due to the shape that our constitutional makers gave to our constitution. India after independence adopted a federal constitution with a strong Unitary characteristic, for which is popularly called a quasi-federal system. Though since its inception as an independent nation it has faced several challenges at the federal front with states and centre coming at loggerheads many times.*

***Keywords:** Federalism, Constituent Assembly, Federal Challenges*

Introduction

The word "Federal" has its origin in Latin word "Foedus" meaning treaty, pact or covenant. It was used from the times of Ancient Roman Republic referring mostly to treaties with populations in other parts of the Italian peninsula and with 'barbarians' not Romanised, living at the Marches at the time of the Empire, in order to protect the lives of this ever-growing political body. In earlier times this word became synonymous with inter-

¹³ India: Speeches by the Rt. Hon. Winston S. Churchill, London: Thornton Butterworth, 163-70, 1931.

governmental relations between sovereign nations but in the contemporary geopolitics this word has gathered a new meaning, that of relations between different regions of the same sovereign generally, in their respective domains, with the Union government or authority.

Objective

The aim of the paper is to study the reasons for the evolution of our federal system at the time of independence and what changes can be brought for a smoother governance in the contemporary socio-political situation.

Research Methodology

The research methodology used here is “exploratory descriptive research” study. The study relies on secondary data including books of various authors on the subject. The research also relies heavily upon constituent assembly debates as well as news articles and other scholarly articles on the subject. The facts were then transformed into the shape of Objective of the research. Research sharply focuses on the objective and is descriptive in nature. However, irrespective of the nature of the study many criss-cross results have been obtained.

Analysis and Interpretation

Origins of the Concept of Federalism

It was Montesquieu who introduced the idea and semantics of modern federalism in modern political thinking. He conceptualised federalism for the modern political world through his work, *The Spirit of Laws*.¹⁴ Montesquieu writes *The Spirit of Laws*, to present a systematic study of the different forms of governments and regimes, as well as to promote political liberalism, on the model of the English parliamentarism. Montesquieu observes that in the case of republics, the fact that they must be small, in order to maintain themselves as growing too much would destroy them from the inside by corruption, and therefore, larger states can be maintained only through a monarchic regime or through despotism. So, he developed the idea of ‘federative republics’, as unions of republics through a contract that would allow them to be large and strong enough to resist monarchies despotism. At the same time, the mutual control of the republics of the union on each other ensures that all would keep the same regime.

Although the Ancient Greek did not know the world ‘federalism’ and its derivatives, Montesquieu labels the idiosyncratic unions of Greek city-states as ‘federative’. Among

¹⁴ David Wallace Carrithers (ed.). *The Spirit of Laws: A Compendium of the First English Edition.*, Berkeley, California, 1977.

may other references, one could consider a form of proto federalism in the British empire, as it has been noticed by Michael Burgess.¹⁵ In *The Spirit of Laws*, the part devoted to federalism is very limited, as it is the main subject of only the three first chapters of Book IX. However, *The Spirit of Laws*, gave a theoretical content to the word, he was largely quoted in the *Federalist Papers*¹⁶. It was until the end of the nineteenth century that the reference to the Greek city-states will continue to play an important role for the understanding of federalism, notably with the book of Freeman *History of Federal Government in Greece and Italy*¹⁷. Therefore, *The Spirit of Laws* constitutes an interesting ground of departure from a theoretical approach as well as from a genealogical approach.

Modern Federal Idea

Today's Federalism is a derivative experience of the American experience or what is now known as American Federalism as United States is treated as the first true federal model of governance. This model explains the concept of federation where the Centre does not aim to take away all powers from the federal units neither does it aim for the units to weaken the Centre, instead it is a system of agreement between the two to coexist in a cooperative way by performing the functions allotted to each of them and not become enemies pitted against each other. This federal principle is based on the values of compromise and not on confronting each other. This model aims that a federation ends up becoming a union of dissimilarities where similarities may exist to the minimum possible.

Watts had earlier expressed similar views on federalism, according to him,

*it is an arrangement in which two or more self-governing communities share the same political space*¹⁸. *A broad category of political systems in which [...] there are two (or more) levels of government, combining elements of shared-rule (collaborative partnership) through a common government and regional self-rule (constituent unit autonomy) for the government of constituent units*¹⁹.

Denis de Rougemont expressed the difficulty in giving a precise definition of Federalism through his paper, 'The Federalist Attitude' presented at the Report of the first annual congress of the European Union of Federalists in Montreux, Geneva in 1947. He said,

¹⁵ Burgess, *Comparative Federalism, Theory and Practice*, 51

¹⁶ *Ibid*, 9,43,47.

⁵ Edward A. Freeman, *History of Federal Government in Greece and Italy*, ed. J.B. Bury, Second Edition ed., London: Macmillan & Co., 1893.

¹⁸ Karmis and Norman, *The Revival of Federalism in Normative Political theory*, 3, Palgrave Macmillan, New York, 2005.

¹⁹ Watts, *Comparing Federal Systems*, Third Edition, 8, School of Policy Studies, Queen's University, 2008.

Federalism, like all great ideas, is very simple, but not easy to define in a few words or a concise formula. That is because it is organic rather than rational, and dialectic rather than simply logical. It eludes the geometrical categories of vulgar rationalism but corresponds well enough to the ways of thought introduced by relativist science²⁰.

Kenneth Wheare also gives room for interpretation of various federal ideas and states that,

[...] this definition of the federal principle is not accepted as valid by all students on the subject. Some authorities find the essence of federalism in some different principles²¹.

It would not be wrong to say here that any definition of federalism that attempts to confine such a complex and dynamic concept to a single authoritative definition will not be doing justice to this branch of study. As Rufus Davis states, the only common feature to all individuals theorising federalism is the general idea that,

in life, not all is black and white, that political theory never squares with reality...²². [As] we pick at the federal idea we become clearly aware that we are exposing not on single idea but a whole intricate and varied network of interrelated ideas and concepts – of contract, of partnership, of equity, of trusts, of sovereignty, of constitution, of state, of international law. And as we pick at these in turn we find that each of these concepts is in fact a multicellular constellation, a molecular compound of its own ideas and concepts.²³

But if we must need a simple yardstick to define this concept, one can take the definitions author Ronald Watts gives where he defines it as, “a normative idea advocating multi layered government combining shared-rule and self-rule”²⁴.

Evolution of Indian Federalism

To understand the reasons as to why we have a federal structure as we do today, we must look at the factors that influenced our constitution framers in the Constituent Assembly and the experience of British colonial laws that gave them a certain inclination towards the kind of federation they decided to adopt for India. Going chronologically, some of the important milestones that affected our federal scheme when adopting the constitution are as follows:

The Indian Councils Act of 1861

It restored the legislative powers to the presidencies of Madras and Bombay and allowed

²⁰ Frédéric Lépine, *A journey through the history of Federalism: Is Multilevel Governance a form of Federalism*, 2012. <https://www.cairn.info/revue-l-europe-en-formation-2012-1-page-21.htm>

²¹ Kenneth Wheare, *Federal Government*, Fourth edition ed., 11, Oxford University Press, New York, 1964.

²² Davis, *The Federal Principle*, 156, University of California Press, 1978.

²³ *ibid*, p.5.

²⁴ *Supra*, p.8

²⁵ *Indian Councils Act, 1861* <https://api.parliament.uk/historic-hansard/commons/1892/apr/25/indian-councils-act-1861-amendment-bill>

Indians to be associated with the legislative work. Decentralisation was encouraged in areas of development, education, sanitation, roads, railways, agriculture, irrigation, and famine relief which were as per the local needs of each region but still the central power at the Governor General level was strong.²⁶ So, it was still very centralised and various provincial governments and others basically acted as agents of the British Parliament with hardly any autonomy. What this act did was just the first step towards federalism and that is separating the local issues from the national issues and how much can be devolved to lower level of government in everyday administration of the country. It also increased the association of Indians in administration and governance became much closer to ground realities.²⁷

The Government of India Act, 1919

This legislation came because of the Montague-Chelmsford Report which made an important observation leading to a broader federal structure in India. The report²⁸ emphasised that the future of India is in self-governing entities at state level and a central government at the helm which work together for better administration of the region. Taking a step towards this this Act, introduced the diarchy system in 9 provinces and divided the provincial administration in two parts with one looking after the reserved subjects and the other with transferred subjects. The Act further prescribed 2 lists of where the Centre had jurisdiction over 51 subjects and the states over 47 subjects but still the residuary power remained with the centre i.e. with the Governor General and he was made the final authority in case of any conflict.

f. Simon Commission

The Simon Commission instituted by the British Parliament made the case for a federal constitution for India. It believed, in a country as diverse as India, different parts and regions of the country can be kept unified only through a federal structure²⁹. But even this commission felt that residuary powers should remain with the Governor General at the centre as the time for a complete federation has not come for India yet.

Round Table Conferences³⁰

The British also favoured a Federal system for India, as it would be easier for them to

²⁶ A.C Banerjee, *Indian Constitutional Documents Vol. II, 30, A.Mukherjee & Co., Calcutta, 1948.*

²⁷ C.H.Philips, *the Evolution of India and Pakistan 1858-1947 Select Documents, 273, Delhi, Oxford University Press, 1965.*

²⁸ *The Government of India Act, 1919* https://www.constitutionofindia.net/historical-constitutions/government_of_india_act_1919_1st%20January%201919

²⁹ *The Simon Commission Report*, <https://dspace.gipe.ac.in/xmlui/bitstream/handle/10973/39712/GIPE-010124-05.pdf?sequence=3&isAllowed=y>

³⁰ *Round Table Conferences*, <https://www.britannica.com/event/Round-Table-Conference>.

continue their domination with support from the Muslim league and the Princes and they will be able to contain the Congress which was at the forefront of the independence movement at that time. But Congress did not keep any place for the British in future administration of India and refused that any alien power be allowed to be the central authority. On the other hand, Jinnah had already rejected the Nehru Report of 1929, which demanded a strong centre, instead it favoured the Simon Commission Report as it necessitated the abolition of Central Legislative Assembly and instead favoured an Assembly of Federal States at the Centre, where the States were autonomous and not under the thumb of a strong centre, which he was afraid would be made of Congress majority.

The Government of India Act, 1935

It³¹ abolished diarchy in the Provinces and introduced federation in India consisting of eleven governor's Provinces, six chief commissioners Provinces and the Indian states. It also provided for three separate lists for legislatures jurisdiction, namely the Union, Provincial and Concurrent List with 59, 54 and 36 items, respectively. This later inspired the Constitution makers of independent India to include it in their own constitution. This act further provided for the emergency provisions which were also used as a marker by our constitution makers after independence. Clause 93 of this Act was almost copied word by word when drafting the emergency provisions in the Constitution of India as we see today.

Constituent Assembly

Although Constituent assembly was created as a result of the Cabinet Mission Plan, after the partition and gaining Independence from the British, via, Indian Independence Act of 1947, the constituent assembly became sovereign and free from any limitations imposed by the Cabinet Mission Plan and decided to take their own road to independence and constitutional democracy.

Formation of the Union of India

As for the nomenclature of the nation, Dr. B. R. Ambedkar advocated for a strong centre and favoured calling India a “union of states” rather than a federation. He said,

Nothing much turns on the name, but the Committee has preferred to follow the language of the Preamble to the British North America Act, 1867, and considered that there are advantages in describing India as a Union although its constitution may be federal in structure.³²

It was a deliberate attempt by him to make it this way to establish once and for all that India

³¹ *The Government of India Act, 1935*, https://www.constitutionofindia.net/historical_constitutions/government_of_india_act_1935_2nd%20August%201935

²⁰ *Constitution Assembly Debates (herein after referred to as CAD Vol. VII, 43, 1948.*

was not a result of agreement between states and therefore not a federation and therefore no state has a right to secede from the Union. The Drafting Committee wanted to make this clear at the outset so that there isn't any speculation or dispute arising on this point later.³³

Dr. Ambedkar believed there are two inherent weakness in federalism and that is rigidity and legalism. He cited the example of United States of America and said,

one has to only consider the growth of the Federal Constitution in the USA, which, notwithstanding the very limited powers given to it by the Constitution, has outgrown its former self, and has overshadowed and eclipsed the State Governments. This is due to modern conditions. The same conditions are sure to operate on the Government of India and nothing that one can do will help to prevent it from being strong.³⁴

So the drafting committee decided that the Constitution shall have a flexible federal nature, where it will work as a federal constitution but in times of emergencies it could take the shape of a unitary system³⁵. In the June of 1947, it was decided by the constituent assembly that India shall have a federal structure with a strong centre and there shall be 3 exhaustive lists just like in the GOI Act of 1935, specifying the jurisdictions of law making for both the centre and the states. Gopaldaswami Ayyenger moved the resolution on the Second Report in the Constituent Assembly, mentioning that,

I think if honourable members would scrutinize these lists and compare them with the lists in the Act of 1935, it would be difficult for them to find, perhaps with one or two stray exceptions, any cases where we have encroached upon the sphere assigned to the Provinces by that Act. We have cut up a number of items in the Federal List into separate items and that is one reason why the number has increased so much. In other cases we have adopted certain items from other constitutions which we did not find in the Government of India Act, but none of these are in the opinion of the committee of such a character that they should necessarily go either in the Provincial or Concurrent List³⁶.

G.L Mehta, advocated for a strong centre in favour of economics of the nation, saying that,

economic forces and strategic considerations today tend to invest the Centre with large powers. If we want to organize economic development and social welfare as people organize for war, then the state of the future has to be a 'positive' state, it will have to be a social service state. It will require large finances and more or less homogenous economic conditions will have to maintain in order to achieve these purposes.³⁷

But there were others like, Alladi Krishnaswami Ayyar favored a strong federal Government on economic and defence considerations, pointing out that,

²¹ B.Shiva Rao, *The Framing of India's Constitution*, Vol.3, 5, Indian Institute of Public Administration, Bombay, 1968.

²² 34 CAD Vol. VII, 42, 1948

²³ 35 CAD Vol. V, 34, 1947.

²⁴ 36 CAD Vol. V, 39, 1947.

³⁷ CAD Vol. V, 78, 1947.

In view of the complexity and financial conditions in the modern world and the need for large scale defence programmes, there is an inevitable tendency in every federation in the direction of strengthening the federal Government. The Draft Constitution in several of its provision has taken note of these instead of leaving it to the Supreme Court to strengthen the Centre by a process of judicial interpretation.³⁸

Similarly there were members like Maulana Hasrat Mohani who felt that the demand for a strong Centre was justified till the partition did not happen but now without the Muslim League there should be no apprehension of trouble from the Muslim majority Provinces and so there was no need for such a strong Centre. On the other hand, members like Professor N.G.Ranga felt that it is inevitable that the Centre will be strong as a result of modern industrial development and economic conditions and it was superfluous and dangerous to proceed with the initial effort to make the Centre strong at the time.

On the point of financial distribution of power between the Centre and the State, another member Santhanam believed,

I do not want any constitution in which the unit has to say to the Centre - that I cannot educate my people. I cannot give sanitation; give me a dole for the improvement of roads, for industries, for primary education³⁹.

He even went to extent of saying that the concurrent list should not be so broad as in time it will tend to become a tool in the hand of the strong centre and will almost become another federal list as a result of which there shall grow a resentment amongst the states which may push them to a point of revolt against the centre. He further said,

Let us not give all the powers to the Centre. Let the Units also have some work, some responsibilities, and some resources. Unless we do this, our Constitution will break down. This is a warning I wish to utter⁴⁰.

Others like Sir A. Ramaswamy Mudaliar believed tax distribution is unfair, and it should be left up to provinces to raise the revenue and decide on their expenses. Similar concern was raised by R.Sankar, who representing the Travancore State complained that Income tax and custom duties should not be with the centre as it is 45% of the State's revenue. There were also those who were apprehensive but hopeful like Professor K.T.Shah who was not opposed to a strong Centre but didn't want the provincial autonomy to be curtailed. Similarly, another member, Arun Chandra Guha, defended a strong centre as he felt that,

If we can build the whole structure on the village panchayats, on the willing co-operation of the people, then I feel the Centre would automatically become strong.⁴¹

³⁸ CAD Vol. VII, 335, 1948.

³⁹ CAD Vol. V, 54-56, 1947.

⁴⁰ *ibid*, 54-56, 1947.

⁴¹ *ibid*, 256, 1947.

Way ahead for Indian Union

The Federal structure of the Indian Constitution and its polity, has been for the longest time trying to ride a tricycle, with one wheel spinning the way that it learnt from the Government of India Act, 1935 from where it draws its inspiration in spirit and letter. The other wheel is trying to match the American model of federalism and move in that way by giving wide powers of judicial review and fundamental rights. And the third wheel owes its allegiance to the British Idea of Parliamentary system with a strong Unitary system. It has been tough for it to keep it balanced but it is still moving and progressing. Without a doubt, federalism is essential and inalienable to the Indian Constitution. Not only to keep it unified but for its polity to make sense in the modern democratic ways.

It has been a driving vehicle for managing diversities, multiplicities, and pluralities in an extremely diverse culture in every nation. Justice P. B. Mukerjee has very articulately put it, in 1967, in his book '*The Critical Problems of the Indian Constitution*'⁴², that

The future of India and her Constitution will depend on how the nation evolves the principles and practice of federalism suited to India whose indispensable requisite has to be unity in diversity, integrity with variety, marked by the wisdom and experience of creating a harmony between the centrifugal and centripetal forces within this sub-continent.

Challenges to Federal Structure

India is currently facing multiple challenges to its political structure and there is an urgent need to strengthen the federal structure of the Country. As it has been shown earlier that there was difference of opinion in the Constituent assembly over the degree of federalism to be adopted in our constitution, there was a common agreement that India needs some kind of a federal structure to function efficiently and to maintain its territorial and political integrity. Even in that Constituent Assembly there was a certain political party and its members in brute majority but still they felt a need for devolution and decentralisation of power to a certain extent. It would be unfair to blame the current government for the destruction of the federal structure of the country entirely. In reality it's weakness lies inherently in our constitution itself and the strong Unitary features provided in it which were intended to be used in good faith when they were drafted but now have become a political tool in the hands of Political parties.

The scenes of elected governments in States being toppled using some constitutional technicality or the other, or when the governor and the President are made to act as mere agents of the ruling party and do things that do not suit the dignity of their chair and position, just so that a political party can gain power in that region, not only destroys the federal fabric of the country but further creates a trust deficit between the centre and the

⁴² Hon'ble Mr. Justice P.B. Mukherji, *University of Bombay*, 151, <http://dli.ernet.in/handle/2015/107569>.

people of that region. In the past emergency provisions and President rule has been highly misused by the ruling party to either gain power in a region or to suppress a voice of criticism against them. A healthy democracy, be it federal or not must have the widest scope for difference of opinion and tolerance and acceptance of the other viewpoint. When things get reduced to mere number game, the moral, social, and constitutional fabric of the country suffers.

Taking the example of the highly controversial Citizenship Amendment Act and the National Register of Citizens, and without getting into the tooth and nail of them, and focusing primarily on the federal question, it is unhealthy for a democracy like India to see the State governments in defiance against the centre in the implementation of those legislation and directions. It shows incoherence between the different parts of the Union and reflects poorly upon our democracy in the eyes of the world. Citizenship is exclusive domain of the Central government via Articles 5-10 of the Indian Constitution and the Citizenship Act of 1955. At the core of it lies the principle of ethnic federalism with the main purpose of keeping diverse set of peoples within its boundary. We should not make the mistake of erstwhile Soviet Union, and the troubles it had with the Balkan states which led to its disintegration. The situation here is not that grave, but it is imperative upon the centre that it does not make any policy to the exclusion of any particular region or people and weaken the federal structure.

Most of our parliamentarians say that they follow Gandhian idea of India, but as far as centralisation of power is concerned, we seem to be going the French, Italian and English way during the colonial era. Mahatma Gandhi advocated for grass root democracy and giving power to the lowest of the governance units, straight down to the Gram Panchayats and enabling them to self-govern themselves. Not only we are not aiming to reach that ideal goal, with every passing day, it seems like the Centre in the country is gaining more and more power and the voices of the state in policy making is being hushed.

Another challenge that the federal structure of India will face in the times to come will be that of Fiscal Federalism and distribution of revenue among the States and Centre. There was great opposition by many States against the implementation of GST Act, as they feared loss of revenue. The recent interim report of the 15th Finance Commission, 2020–21, has shown a decline in the divisible pool of central taxes for the States from 42% to 41%. Further the criteria for such allocation has been revised and this recompositing of weights can lead to a decrease in tax share of most southern states has gone down, while that of northern states like Bihar, Punjab, Maharashtra and Gujarat has gone up. This may lead to increase in debt burden of state governments given the overall economic atmosphere and infrastructural spending and such an increase in the states' dependency on the centre as

well as the inequitable devolution of central taxes are giving rise to concerns regarding the practice of fiscal federalism in India whose goal was to establish a sound finance tax structure and revenue distribution system between the State and the Centre. In times to come this economic interdependence of states with the centre is bound to become the bone of contention in the centre-state relations of the Union. It is advisable that the centre engages the States more and more and sit together to formulate a robust revenue distribution framework and strengthen the fiscal federal structure of the country.

The good news in this regard is the newly created constitutional body, the GST Council which has emerged as a platform where the centre and the states are willing to pool their sovereignty and give fiscal space to each other. It has also constituted a GST implementation committee, the decisions of which are implemented with the approval of the Union finance minister and are later placed before the council for information, to speed up the process of resolving conflicts and discrepancies. The GST Council is seen as responsive to the needs and feedback of the trade, industry and other stakeholders as it has made multiple correction in the GST since its roll out as per the demand of various stakeholders.

The latest challenge facing the federal polity in the country today is handling of the Covid-19 pandemic situation by the Centre and the States. It is impacting the centre-state relations in a heavy manner. This crisis has brought forth the reality and need for collaborative and cooperative federalism in our political structure. Even the current government which has been criticised in the past for not engaging with the state enough on national matters has consulted with the chief ministers of various state and engaged them repeatedly over a short period of time. The lockdown was done without any such engagement and the States criticised the centre for not consulting them before implementing a complete lockdown and without giving them any notice to prepare for the same. But now as the central government realises that it will not be able to tackle the problem without the cooperation of the States as they are the front warriors in tackling this situation on the ground in their respective regions, it has started engaging with them more, and is working with their suggestions, to the extent that States have been allowed to decide on the future prospect of the degree of lockdown in their regions, with many opening up parts of their state post 17th of May 2020. Every crisis brings an opportunity and maybe this crisis will end up strengthening the centre-state ties in the coming days, because without cooperating with each other this pandemic will be near impossible to contain and till a vaccine is manufactured there is a long time and multiple complexities that have to be tackled by both the central and regional governments.

Concluding observation

Federalism is deep rooted within the concept of Constitutionalism and Pluralism, as it looks to accommodate diverse identities and stops the concentration of power at a central level, protecting the interest of each region and its people, keeping the Constitutional word supreme la of the land. For a country as diverse as India it is not only imperative but inevitable that units need to be more independent and decentralisation must be encouraged in future. But this will not be possible until all the wings of government are made stronger and pushed to achieve this end. In the words of Filippov and Shvetsova⁴³,

a successful federalism requires all of its benefits: well-functioning democratic institutions, judicial system, integrated national political parties and appropriate electoral incentives created by democratic political competition.

When all of these conditions are developed in future, we can achieve a functioning and robust federal democracy. It will also develop greater political inclusion and will encourages participative democracy by giving a greater say to the provinces in the policy making at the national level and gives each region a sense of belongingness to the Union as a whole.

Federalism can be a means of ensuring peace, stability and mutual accommodation in nations that have regions with diverse identities, ethnicities, religions, or linguistic differences, like India. It further helps in improving participative democracy by giving power at the local or regional level for the people to decide their future and tackle challenges that are unique to each distinct region. But it is not without its baggage. A federal structure in an immature democracy can also exacerbate existing differences which at times can lead to bigger conflicts or even failure of the state machinery. It is an expensive structure of polity and requires certain coherence between its various parts to bear the fruit of collaborative or cooperative federalism.

In summation, it can be concluded that, 'Federalism' is a positive concept for a democracy as it gives power to the lowest level of governance and facilitates participative democracy. It is essential in the constitutional scheme of things in India and should not only be protected but nurtured and matured by the governments at the State and Central level as well as by the judiciary and the civil society. It encompasses a process within itself which enables socio-political cooperation between two distinct of identities through various structural mechanisms of shared rule.

⁴³ Filippov, M. and Shvetsova, O., *Federalism, Democracy and Decentralisation*, in A. Benz and J. Broschek (eds), *Federal Dynamics: Continuity, Change, and the Varieties of Federalism*, Oxford: Oxford University Press 2013.

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ASSESSING PASSENGERS' PERCEPTION TOWARDS CRM PRACTICES AND ITS EFFECT ON THEIR SATISFACTION IN INDIAN AVIATION SECTOR

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ABSTRACT: *Customer Relationship management is a crucial strategy which is adopted by every organization to improve its business and thus gaining competitive advantage over the rivals. Indian Aviation is one of the largest growing sectors which laid attention on maintaining profitable relations with its passengers. This paper assesses the perception of passengers towards customer relationship management (CRM) factors adopted by Aviation sector and its effect on satisfaction level. The study uses seven CRM factors -Customer focus, Responsiveness, Staff assistance, convenience, post-flight services, other relationship maintaining practices and customization services. The sample size consisted of 300 passengers from different districts of Punjab and Union Territory Chandigarh. Multiple regression analysis is used to examine the relationship of the CRM factors on satisfaction. The findings show that passengers have overall positive attitude towards CRM practices adopted by airlines and the CRM factors have significant effect on passengers' satisfaction.*

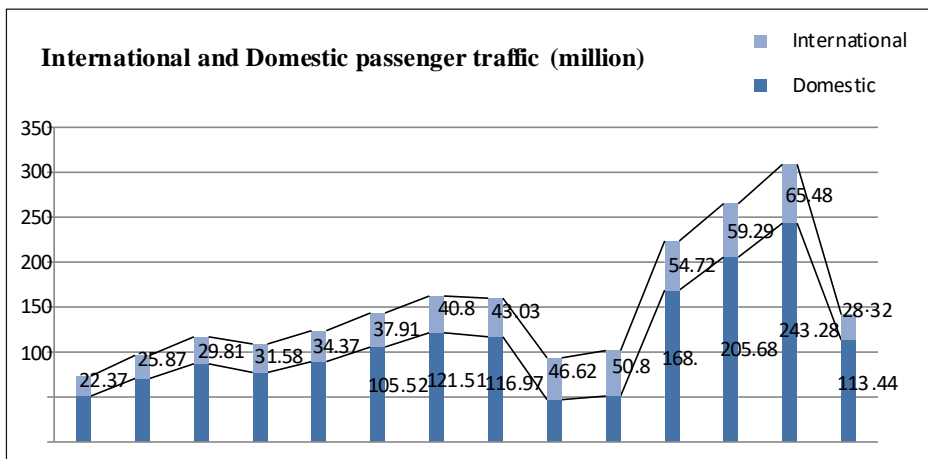
Keywords: *Customer Relationship Management, customer perception, customer satisfaction, Responsiveness.*

Introduction

In today's globalized and liberalized business environment, the service sector is encountering stiff competition to meet the requirements of the customers and thus attaining competitive edge over its competitors. With the availability of various alternatives, the customers are becoming more demanding and the organization has no choice but to respond

to the customers' need faster or to lose them to the competitor. The aviation industry in India has emerged as one of the fastest growing aviation markets in the world. With liberalization of this sector, the Indian aviation has witnessed a remarkable growth in the last decade with robust growth in passenger and cargo traffic, massive increase in the non-scheduled operators and rapid rise in the range of operational airports within the country. The Growth in passenger traffic has been strong since the new millennium, especially with rising incomes and low-cost aviation. The CRISIL Research expects that air passenger traffic growth at Indian airports will stay flattish at 15-17% in fiscal 2019, on account of a rise in domestic and international passenger traffic. Moreover, it is estimated that as fares will likely to rise, the air passenger traffic growth is expected to slow down to 11-13% in fiscal 2020. According to forecast overall passenger traffic will expand at 12-14% compound annual growth rate (CAGR) between fiscals 2018 and 2023, driven by a 12-14% increase in domestic traffic growth. While the share of domestic passengers in total passenger traffic is pegged to increase, it depends on the growth in domestic gross domestic product, airport infrastructure, and revival in the global economy. As per statistics shown by Association of Private Airport Operator and Airports Authority of India, India's passenger traffic grew at 16.52 percent year on year to reach 308.75 million in FY18. The traffic grew at a CAGR of 12.72 percent during FY06-FY18. During Apr-Aug 2018, domestic passenger traffic stood at 113.44 million while international traffic stood at 28.32 million. The Domestic passenger traffic grew by 18.28 percent to reach 243 million in FY18 and is expected to become 293.28 million in FY20E. International passenger grew by 10.43 percent to reach 65.48 million in FY18 and traffic is expected to become 76 million in FY20E. Over the FY06-18, the Domestic passenger traffic expanded at a CAGR of 13.91 percent and International passenger traffic registered growth at a CAGR of 9.36 percent.

Figure: 1 International and Domestic Passenger traffic (million)



(Source: Airports Authority of India, Ministry of Civil Aviation)

In this extremely competitive industry, while operational potency helps to reduce costs but customer satisfaction is the key to sustain market leadership and long-run profitability. Customer relationship marketing is the biggest paradigmatic shift in marketing theory and practice in the existing world. In the present era, customer relationship marketing plays a vital role in the success of every organization. The major goal of customer relationship marketing can be expressed as understanding the customers' needs and treating them better for increasing loyalty and profit (Velnampy and Sivesan, 2012). Customer relationship management assists the organization to build a better relationship with their customers by fulfilling their customer requirements. Proper implementation of customer relationship management would not only ensure customer delight but also increases customer satisfaction thus helps in maintaining their loyalty. The essence of CRM thinking originates from three concepts in marketing management:

(1) customer orientation, (2) relationship marketing, and (3) database marketing. Airlines have realized the importance of having satisfied customers and are therefore focusing on customer relationship management (CRM) as a strategic tool for managing relationships with the customers. Customer Relationship Management in the Airline Industry includes all the touch points in the customer's travel experience. CRM in airlines starts much before a passenger board a flight; it starts as soon as a passenger comes in contact with a particular airline and continued up to post-flight services. Customer relationship management in passenger airlines extends beyond traditional sales, service, marketing, and loyalty to include all of the touch points in a passenger's travel experience. CRM in the airline sector is different from other service sectors because of its diversified nature of customer interaction and operations. Here the main domains covered are- Pre-travel, On-Board and Post-travel. The pre-flight covers Marketing communication, sales and reservation and check-in, On Board included various services under the head in-flight experience whereas post-flight covers baggage service, customer feedback, and rewards system.

Review of literature

Kabiraj et al. (2004) conducted a study to develop and design strategic business models for customer relationship management for retail banking in India. A self- structure questionnaire was formulated and pre-tested before gathering information. Exploratory research was conducted to collect secondary data and three sets of a pre-tested questionnaire were designed to collect data from sets of respondents – CRM end users, retail bank customers, and CRM vendor or application service providers. Non-probability convenience sampling was used for data collection from 20 banks (10 private sector banks and 10 public sector banks). A sample of 200 customers, 10 from each bank

was selected. Factor analysis identified three factors – the level of awareness, offered facilities and degree of satisfaction. The result of Z- test showed that the facilities offered by banks to the customers have increased after implementation of CRM strategy. The level of satisfaction among the customers was more in private banks than public banks. In the second part of study 15 industries were selected with two samples from each industry were selected randomly. The data was again subjected to factor analysis and Z- test. Six factors were identified- frequency of application and awareness, type of involvement, obtained benefits, time span, customer satisfaction, and business objectives. It was concluded that CRM system development and implementation are a key priority for most modern Indian retail banks.

Gures et al. (2009) examined the relationship between personal and flight characteristics of European passengers' satisfaction and fairness perceptions about Turkish airports. The hypothesis was tested on a sample of 559 European passengers in Turkish Airports. Self-reported questionnaire forms were filled by the passengers waiting in the international area of the airports in a face to face interview manner. To analyze the collected data, an independent sample of t-test and one-way analysis of variance (ANNOVA) were used. The results of the study indicated that the less frequent passengers were more satisfied with Turkish airports than the passengers who more frequently. Moreover, the passengers traveling for tourism purpose have the highest fairness perception about the services delivered in Turkish airports. It was also found that most fairly perceiving passengers were of middle-income level.

Talet et al. (2011) analyzed the customer satisfaction perception of Customer Relationship Management adoption by mobile telecom companies in Saudi Arabia. A sample of 441 mobile telecom customers was surveyed to investigate their opinion about the quality of offered customer services by mobile telecom companies and its impact on customer satisfaction. The study concentrated on three main channels used by mobile companies to provide customer services (customer service offers, phone operator and website services). The empirical findings presented the evidence that the quality of customer service significantly affects customer satisfaction and customer loyalty. It was found that the majority of customers preferred to use phone operator than office customer services.

Liau and Tan (2014) evaluated the consumers' opinion towards the low-cost carriers in the airline industry in Malaysia. Sentiment analysis was undertaken in revealing current customers' satisfaction level towards low-cost airlines. Data were collected for two and a half months and about 10,895 tweets were analyzed. Text mining techniques were used

during the pre-processing of data and various statistical techniques were used to segment the customers' opinions. The results with two different sentiment algorithms showed that there was more positive than negative polarity across different algorithms. The cluster analysis showed that both K- Means and spherical K- Mean's algorithms delivered similar results. It was revealed from the findings that four main topics discussed by the consumers on Twitter were customer service, LCCs tickets promotions, Flight cancellations and delays and post – booking management. The paper provided useful insights on customers' sentiments and opinions towards LCCs by utilizing social media information.

Research methodology:

The main objective of this research is to assess the passengers' perception towards CRM factors and its effect on their satisfaction level. A well-structured questionnaire was used to collect primary data from the respondents. In this study, researchers have adopted survey method, according to which a questionnaire was designed as a tool to collect primary data from 300 passengers of airlines in Punjab and Chandigarh.

Instrument Design:

To analyze perception towards CRM program, the questionnaire was developed. Well-developed questionnaire included 44 statements as independent variables to be classified under CRM factors based on prior studies available. To examine the underlying factors that make up the sub-dimension and to test validity of model exploratory factor analysis and Confirmatory factor analysis were employed. Also, demographic information of passengers was collected.

Sample size and Data Collection:

The sample size consists of 300 passengers belonging to different gender, age, income categories and professions. The passengers were the individuals who have travelled widely through airlines. The sample size was selected keeping in mind the research objectives and constraints. Non-probability sampling technique was used to select the respondents of the study and the main goal to use this sampling was to focus on particular characteristics of a population that is of interest thus enabling to answer the research questions of the study. Five-point likert scale was used to measure the responses. Respondents were asked to respond to each statement on the basis of 1 to 5 scales.

Analysis and interpretation

This study used 44 statements to assess perception of passengers' towards the customer

relationship management practices adopted by airline companies. These statements were classified under various factors based on literature review which are discussed below:

Table no. 1 showing factors formed based on literature review

Factors	No. of statements
Customer Focus	12
Responsiveness	7
Staff Assistance	9
Convenience	7
Post- Flight services	4
Other relationship maintaining practices	5

To examine these and to test validity of model exploratory factor analysis and Confirmatory factor analysis were employed. Exploratory and confirmatory factor analysis was used to refine various statements under different factors. Exploratory factor analysis was performed on 44 statements. To justify the application of Exploratory Factor Analysis in this study, according to Hair et al. (2006) the measure of sampling adequacy was utilized. Hence, the Bartlett's Test of Sphericity (Bartlett's Test) and Kaiser-Mayer-Olkin (KMO) indicate the measure of sampling adequacy. Factor analysis under the extraction method of principal component analysis with the rotation method of varimax with Kaiser Normalization was employed. The dimensions of the scale were examined by factor analyzing the items using the principal components analysis with Varimax rotation. The rotated components matrix showed there were a few items with no-significant loadings in any of the components, so non-loading items were dropped and the EFA was performed again until all the items were loaded into the respective component. Two statements- CF12 and other relationship practices⁵ were excluded due to insignificant values. After re-running EFA, seven factors were extracted which explained 69.67% of total variance. One new factor was created which was named customized services and there were three statements from earlier factors (CF1, SA1 and SA9) placed under it. Confirmatory factors analysis was carried out on all the statements extracted from exploratory factor analysis. There were 42 statements whose values found to be significant and Confirmatory Factor Analysis was run on it. CFA excluded seventh statement of Convenience factor (C7) due to low standardized factor loading. The statements with lower factor loading were excluded to yield better results.

After factor analysis, the research instrument was tested for its reliability. The internal consistency of the grouping of the items was estimated using the reliability co-efficient called Cronbach's alpha. In the study, internal consistency for all factors was calculated. The Cronbach's α values of all the seven extracted factors ranges from 0.82 to 0.94, which suggests that scale has good internal consistency.

Table no. 2 represents reliability analysis of all factors extracted

Factor	No. of items	Cronbach's Alpha
Customer Focus	10	0.914
Responsiveness	7	0.917
Staff Assistance	7	0.946
Convenience	7	0.912
Post flight services	4	0.823
Other practices	4	0.934
Customization services	3	0.831

Demographic profile of the passengers

This section presents a demographic profile of the respondents. The customers selected for the study belonged to different categories on the basis of sex, age, education, occupation, monthly income and frequency of travel. The passengers' belonging to different categories may have different perceptions regarding the customer relationship practices followed by airline companies. This objective deals with the perception of passengers' regarding various CRM practices adopted by the airlines.

Table no. 3 Gender and age distribution of the respondents

Demographic Profile	Description	Frequency	Percentage
Gender	Male	224	74.7
	Female	76	25.3
Age	Below 25 years	18	6.0
	25-45 years	111	37.0

	46-65 years	118	39.3
	Above 65 years	53	17.7
Total		300	100.0

The table reveals that the numbers of male respondents are more than the females in the study. Under the study, 224 (74.7%) of the passengers are male and 76 (25.3%) were female. The table also exhibits the age distribution of the respondents. According to the table, out of 300 respondents, majority of the respondents 118 (39.3 %) belongs to age group between 46 –65 yrs followed by 111 (37.0 %) in 25-45 yrs age group, 53 (17.7 %) fall under above 65 yrs and the least number of respondents belongs to below 25 years age group i.e. 18 (6.0 %).

Table no. 4 -Education and Monthly Income profile of the respondents

Demographic Profile	Description	Frequency	Percentage
Education	Under graduate	129	43.0
	Graduate	111	37.0
	Post graduate	31	10.3
	Technical/professional degree	27	9.0
	Any other	2	0.7
Monthly Income	Below Rs. 80,0000	87	29.0
	Rs. 80,000 – 1,20,000	138	46.0
	1,20,000- 1,60,000	38	12.7
	Above Rs. 1,60,000	37	12.3
Total		300	100.0

The table no. 4 presents the education and monthly income distribution of the respondents. An analysis of the table provides that majority of the respondents who participates in the study i.e. 129 (43%) are undergraduate and having Bachelor's degree 111 (37.0%) respectively. This is followed by 31 (10.3%) respondents having Master

Degree, 27 (9%) having Professional qualification and 2 (0.7%) of respondents have education level other than these categories. As it is evident from table no. 4 , 87 (29.0%) of respondents earn below Rs. 80,000 per month , 138 (46.0%) belong to Rs.80,000-1,20,000 the monthly income category , 38 (12.3%) lie in Rs. 1,20,000- 1,60,000 income group. There are only 37 (12.3%) of respondents which have monthly income more than Rs. 1, 60,000.

Table no 5- Occupation and Frequency of travelling through Airlines

Demographic Profile	Description	Frequency	Percentage
Occupation	Businessman	66	22.0
	Serviceman	81	27.0
	Trainee	20	6.7
	Professional	19	6.3
	Agriculturist	47	15.7
	Student	5	1.7
	Any other	62	20.7
Travel Frequency	Weekly	2	0.7
	Monthly	4	1.3
	After 3 months	16	5.3
	After 6 months	89	29.7
	Annually	146	48.7
	Occasionally	43	14.3
Total		300	100.0

Table no 5 exhibits the occupation-wise distribution of the respondents. The information given in the table shows that the highest proportion i.e. 81 (27%) of passengers belongs to serviceman category and businessman category 66 (22%) respectively, whereas the lowest proportion i.e. 5 (1.7%) belongs to student category. The table also presents the frequency of travelling of the respondents. Similarly there are 146 (48.7%) of passengers who travel annually followed by 89 (29.7%) and 43(14.3%) who travel after 6 months

and on certain occasions. Only 2 (0.7%) of respondents who prefer to travel weekly through airlines. It shows that most of the passengers travel annually through airlines either domestic or international.

Perception of Passengers’ regarding the CRM practices of Airline Companies

Customer perception is all about feeling and fact about a product and services. From the first touch point to the last, the entire company is involved in this perception and can contribute to it in a positive way. It is imperative for an organization to clearly identify its customer’s perceptions about the services being provided in order to develop mechanisms to improve or maintain the quality of service they provide to their customers. This section covers the perception of passengers towards CRM practices provided by airlines which includes:

Table no. 6 Perception of passengers towards Customer Focus

Statement	CF1	CF2	CF3	CF4	CF5	CF6	CF7	CF8	CF9	CF10
Mean	4.55	4.01	4.71	4.05	3.96	4.03	3.63	3.56	3.78	4.05

Table no. 6 exhibits the perception of respondents towards various statements under factor customer focus. It is evident from the values of CF1 (4.55) and CF3 (4.71) that majority of passengers believe that airlines maintains safe environment for its travelers and the waiting lounges are also very clean. The resulting values for statements CF2 (4.01), CF4 (4.05), CF5 (3.96), CF6 (4.03), CF7 (3.63), CF9 (3.78) and CF10 (4.05) are indicating the agreement of the respondents towards these relationship activities of the airlines whereas value for CF8 (3.56) shows that respondents are not very sure about the confidential policy of the airlines. It shows that passengers feel that airlines are providing good customer focus activities to maintain their relationship with the customers but at the same it is also required that airlines should make its respondents aware about their security measures being taken to maintain confidentiality of passengers’ data.

Table no. 7 Perception of passengers towards Responsiveness

Statement	R1	R2	R3	R4	R5	R6	R7
Mean	4.09	4.47	3.54	3.78	3.65	3.57	4.19

Table no. 7 depicts the results of perception of passengers towards responsiveness factor. The value for statement R2 (4.47) indicates that passengers strongly perceive that airline companies have 24/7 provision for its customers whereas the values for other statements

4.09 (R1), 3.54(R3), 3.78(R4), 3.65(R5), 3.57(R6), 4.19(R7) shows that agreement towards various interactive facilities provided by the airlines in order to maintain good relations with the customers.

Table no. 8 Perception of passengers towards Staff Assistance

Statement	SA1	SA2	SA3	SA4	SA5	SA6	SA7
Mean	4.54	4.48	4.12	4.11	4.00	4.26	4.52

It is evident from the table no. 8 that respondents pay attention on the behavior of staff while travelling through particular airline. The values for statements SA1 (4.54), SA2 (4.48) and SA7 (4.52) represents that there is strong agreement of passengers upon the frontline employees' knowledge, their courteous behavior and ability to handle complicated situations whereas the value towards other statements SA3 (4.12), SA4 (4.11), SA5 (4.00), SA6 (4.26) represents that passengers' overall perception towards staff assistance.

Table no. 9 Perception of passengers towards Convenience

Statement	C1	C2	C3	C4	C5	C6
Mean	4.17	3.24	2.96	4.44	2.66	4.07

From the table no. 9 it is shown that passengers are highly satisfied with the boarding system of airlines i.e. value for C4 (4.44). Moreover the value for other statements of convenience factor C1 (4.17), C2 (3.24), C3 (2.96) and C6 (4.07) represents that although passengers has overall agree on these statements but there were some passengers who also express their disagreement towards these CRM activities. As far as airlines flexible payment system is considered (C5- 2.66) passengers showed neutral behavior out of which about 29.3% were disagree with this facility. The information displayed in the table exhibits that passengers have overall positive attitude towards the Convenience factor.

Table no. 10 Perception of passengers towards Post flight services

Statement	PF1	PF2	PF3	PF4
Mean	3.26	3.80	4.11	3.88

The information given in the table no. 10 depicts that passengers strongly agree with the statement that airlines provide frequent flyer cards to their customers who travel frequently with the particular airlines i.e. the value for PF3 (4.11), whereas as far as

feedback and lost and damage facility is concerned the value for these statements showed that for PF2 (3.80) and PF4 (3.88) most of the passengers were agreed but there were some passengers who were either not aware or disagree on this facility being by airlines. The passengers showed neutral behavior towards airlines initiative to wish on special days to strengthen the relations (PF1- 3.26).

Table no. 11 Perception of passengers towards other relationship practices

Statement	other 1	other2	other3	other4
Mean	3.44	4.20	3.80	4.11

Table no. 11 exhibits the perception of passengers towards other relationship management activities under other relationship practices factor. From the table it is evident that passengers are agree that airlines provide some relationship practices to maintain good relations with their customers. The value for these statements Other 1 (3.44), Other2 (4.20), Other3 (3.80) and Other4 (4.11) represents the degree of agreement towards these practices. The mean values shows that although passengers' have overall positive perception towards this factor but the degree of agreement varies for each statement.

Table no. 12 Perception of passengers towards Customization services

Statement	CS1	CS2	CS3
Mean	4.11	4.13	4.13

From the table no. 12 the mean value of perception informed that all passengers agree on the attention towards passengers' needs (4.11) and employees focus on passengers' requirements (4.13). The value of mean (4.13) for statement that employees attend promptly on arrival showed that passengers also feel satisfied with this statement.

Effect of CRM practices on passengers' satisfaction

Nowadays, for sustaining a competitive advantage for business success and survival, Customer satisfaction has emerged as one of the most powerful tool. Excellent service is a profit strategy because it results in more new customers, more business with existing customers, fewer lost customers, more insulation from price competition, and fewer mistakes requiring the re-performance of services , Parasuraman et al., (1987) .However, maximising customer satisfaction will maximise profitability and market share (Mentzer et al., 1995). This section discusses about the effect of CRM on passengers' satisfaction level.

Table no. 13 Effect of CRM practices on Passenger Satisfaction

R	R Square	Adjusted R Square	Std. Error of the Estimate	Sum of Squares	df	F	Sig.
.650 ^a	.422	.409	.44666	42.606	7	30.508	.000

Dependent Variable: Passenger Satisfaction

Based on the Table no. 13, it is found that CRM elements overall has positive relationship with customer satisfaction. The correlation coefficient of CRM factors and customers' satisfaction is 0.650 which indicates significant positive correlation. As depicted in the table, the value of adjusted R square value is 0.409 which exhibits that CRM element contributes 40.9% to dependent variables. The result indicates that the regression model explained 40.9 per cent variation in the customer satisfaction due to CRM factors. The analysis provides that CRM factors have an average effect on passengers' satisfaction.

Concluding observation

The study analyzes the perception of passengers and employees towards CRM factors. It was found that passengers have overall positive attitude towards various activities except few statements where they show neutral behavior. It is suggested that airlines should work on these areas to maintain long-lasting relationships with the customers. The study also analyze the effect of CRM on satisfaction, the results shows that relationship management practices have significantly contributes to the satisfaction of passengers with the airlines.

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FACTORS AFFECTING INVESTORS INVESTMENT DECISION IN INDIA

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Abstract: *Investment decisions are more relevant due to presence of various investment avenues today. Through awareness of these avenues people have become aware to do better saving and invest better for their future. The paper study various factors which affect individual investments decisions in India and focusses and study that investment decisions depend on various aspects i.e., according to age and gender of individual investment decision changes and his risk-taking appetite. Also, investment decisions are also affected by changes in investment market from time to time. This paper also examines the factors influencing investment decisions of individual investors. This is done with help of detailed literature review, which shows that no single factor influences the investment decisions of an individual, moreover factors influencing investment decision keeps changing from time to time, place to place, person to person, securities to securities for making rational investment decisions and age and gender and individual risk-taking capacity plays an important role in his investments.*

Key words: *Risk-coverage, Investments-Decisions, Investor-Awareness, Rational Behaviors.*

Introduction:

Investment of Investors is divided into two main categories-consumptions and savings. Savings is that portion of income which is not spent or deferred consumption. short term savings or liquid savings is that savings which is done by investor for doing his immediate investment. an investor is a rational by nature, he always analyzes the market condition by using approaches like technical, fundamental, Capital asset pricing model, Arbitrage Pricing theory. Behavioral finance assumes that characteristics of market participants and

information structure systematically have an influence on individuals' investment decisions. Investment is the deployment of funds with the aim of achieving additional income or growth in value. In the present scenario there are large number of investment options available with an investor, these investment options are also known as investment avenues or financial products. Financial products mean the variety of plans designed by the banks and other financial institutions to attract an investor to invest his or her money. Within behavioral finance it is assumed that characteristics of market individuals and information structure influence investment decisions of individuals and market outcomes as well. Behavioral finance studies the ways people understand investments through themselves and from their environment and take decision for doing their investments.

As compared to before over the years the investment sector is showing growth both in terms of volume and number of investors in India today. There are lot of options available in various investment products which suits the pocket and budget of many different investors today. Even The number of regional stock exchanges in India has also increased. Investor today now also invest in Equity shares as an investment option as it gives higher dividend and better capital appreciation. It investigates and explains factors and their effects on investment decision making in financial market pessimistic.

Demonetization is an excellent opportunity for the investors to move and look for various investment options in digital mode as well.

Today investor has lot of investment options in hands like – risk free investments, investment option without diversified risk, investment option with diversified risk, traditional products.

Investment decisions also largely depends on – financial knowledge of person, total money or budget planned for his investment, his risk-taking appetite, his demographic profile, the liquidity which he has in hand, his expected return from investment and his savings planned for doing tax saving.

Review of Literature:

- ❖ Stern P. Walter (1969) in his study “The Investment scene – An overview” Talks about the two broad styles of investing that are emerging; first he states that an aggressive investor, who has high risk-taking petite can take risk and invest aggressively in returns to earn more and fast such investors are generally younger investors category. The second category of investor are older investors who have experience of investment, these investors think wisely before doing investments.

They study the markets well and invest money in investments who have given good result in past.

- ❖ Stoic Paul (1972) in his study entitled “Psychological Study of Human Judgement: Implications for Investment Decision Making” explains the approach of financial decision making. His study shows that many decisions were made not by individuals alone but by groups as whole also decisions made by groups as whole were riskier than the average of the individual member decision.
- ❖ Fama (1972) in the study titled “Components of Investment Performance” analyzed the Investment and introduced two terms —Selecting and —Timing which were important compare risk and return., he had studied and presented multi period model to compare and suggest methods for measuring diversification in investment where an investment manager decides to maximize his holdings on periodic and cumulative basis.
- ❖ Lewellen Wilbur.G et.al. (1977) in their study “Pattern of Investment Strategy and Behaviors among Individual Investors” studied the process of investment decision by making portfolio individual equity investors. For this Data was collected from 972 individual investors residing in the U.S. The result showed that age had a stronger influence on the portfolio goals of the Investors. there was variation between older investors and younger investors portfolio. Older Investors have interest in long term capital gains and young investors have a desire for short-term capital gains. Age and risk-taking propensities were found to be inversely related. The study also concluded that the women investors were found to be broker reliant unlike men.

Objectives of study:

- ❖ To discuss the factors which affect investment decision of investor.
- ❖ To study the affect the investment decision of investor.

Research Methodology:

The study conducted for this research paper is from both primary data and secondary data.

- ❖ Primary data was conducted by the help of standardized questionnaire of 350 sample size from Varanasi and nearby area. This questionnaire contained the demographic profile of customers and recorded responses of the customers.
- ❖ The secondary data was also adopted along with primary data which contained the information from journals, magazines and articles.

Analysis and interpretation:

For conducting the study, a detailed questionnaire was designed which was divided into two parts. The first part contained the complete demographic profile of customers in area. The second part contained the responses of customers related to the study. The frequency percentage was applied to calculate the demographic profile of customers with help of customers.

The demographic statistical profile of customers was analyzed on different parameters Mentioned in table like -

Statistics

		total members in family	total number of earning members in family	annual household income	age
N	Valid	350	350	350	350
	Missing	0	0	0	0

Based on Marital status:

marital status

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid MARRIED	231	66.0	66.0	66.0
UNMARRIED	119	34.0	34.0	100.0
Total	350	100.0	100.0	

Interpretation:

The profile data indicated that out of total 350 respondents the largest respondent belonged to married category group.

Based on Age:

age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-30	140	40.0	40.0	40.0
	31-40	175	50.0	50.0	90.0
	41-50	35	10.0	10.0	100.0
	Total	350	100.0	100.0	

Interpretation:

Out of the data analyzed on age for 350 respondents it was found that out of three slabs , respondents in slab of 31-40 years were larger in number as compared to other slabs.

Based on number of earning members in family:

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1-2	105	30.0	30.0	30.0
3-4	70	20.0	20.0	50.0
> 5	175	50.0	50.0	100.0
Total	350	100.0	100.0	

Interpretation:

Out of the data analyzed for number of members earning in family for 350 respondents it was found that out of three slabs, respondents in slab of 3-4 were larger in number as compared to other slabs.

Based on total members in family:

Members in family

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 2-3	35	10.0	10.0	10.0
> 5	315	90.0	90.0	100.0
Total	350	100.0	100.0	

Interpretation:

Out of the data analyzed for total number of members in family for 350 respondents it was found that out of two slabs, respondents in slab of >5 were larger in number as compared to other slabs

The second part of analysis was done, chi-Square test with mean and standard deviation was done in combination with age, income group, to know the investment decision of investors.

❖ **Investment option based on age and occupation:**

Descriptive Statistics

	N	Mean	Std. Deviation	Minimum	Maximum
occupation	350	1.4000	.91783	1.00	4.00
Age	350	1.7000	.64123	1.00	3.00
land and building as investment option	350	1.3000	.45891	1.00	2.00
NSC as investment option	350	1.0143	.11884	1.00	2.00
Bank Deposits as investment option	350	1.0057	.07548	1.00	2.00
Mutual Funds as investment option	350	1.1514	.35898	1.00	2.00
Bonds as investment option	350	1.6486	.47810	1.00	2.00
Gold as Investment option	350	1.7543	.43113	1.00	2.00
Life Insurance products as investment option	350	1.1286	.33520	1.00	2.00
Real Estate as Investment product	350	1.1000	.30043	1.00	2.00

Interpretation:

The analysis shows and investor choice of products based on his age and occupation value falls within the minimum and maximum range level thereby reflecting that at all age investors are aware about the all the listed investment option abut at the same time standard deviation tell that there may be less knowledge at some age level with people about the investment products. Further bifurcation of chi-square frequency shows-

Bifurcation of investor's occupation category:

occupation

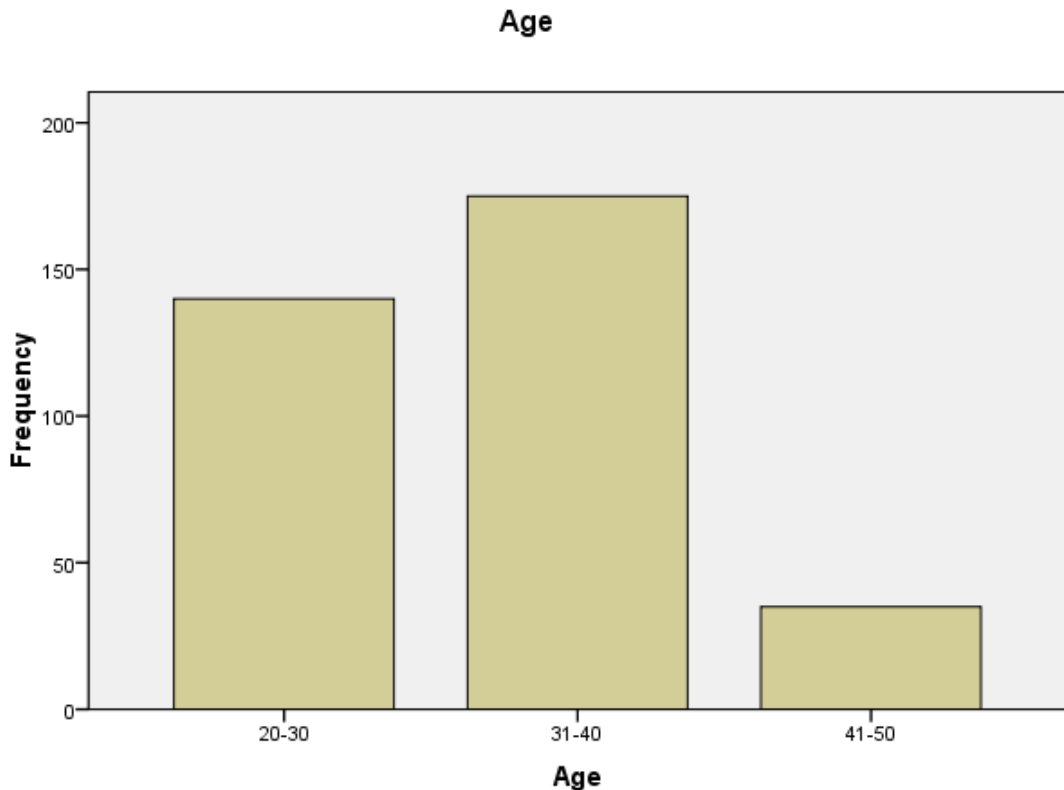
	Observed N	Expected N	Residual
self employed	280	116.7	163.3
self employed profssional	35	116.7	-81.7
service	35	116.7	-81.7
Total	350		

Interpretation-

The data shows that, out of the 3-occupation slab designed for decision investment, self-employed investors shows is the highest as compared to other two slabs, which tells that self-employed investors have are highest in doing investment.

Bifurcation of investors on age:

Age			
	Observed N	Expected N	Residual
20-30	140	116.7	23.3
31-40	175	116.7	58.3
41-50	35	116.7	-81.7
Total	350		



Intrepretation:

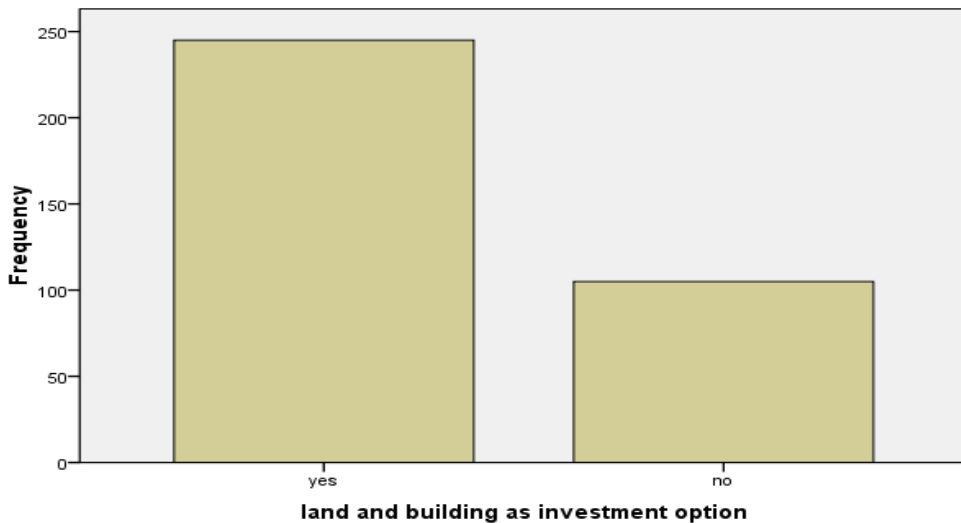
The data shows bifurcation based on age of investors, through which we may interpret that investors between the age range of 31-40 years invest more so they choose more rationally in investment products before taking investment decision, whereas investors in age slab 41-50 invest very less in investment products. so, it shows investment decision is highest in middle slab of 31-40 years.

Investment options based on land and building:

land and building as investment option

	Observed N	Expected N	Residual
yes	245	175.0	70.0
no	105	175.0	-70.0
Total	350		

land and building as investment option



Interpretation:

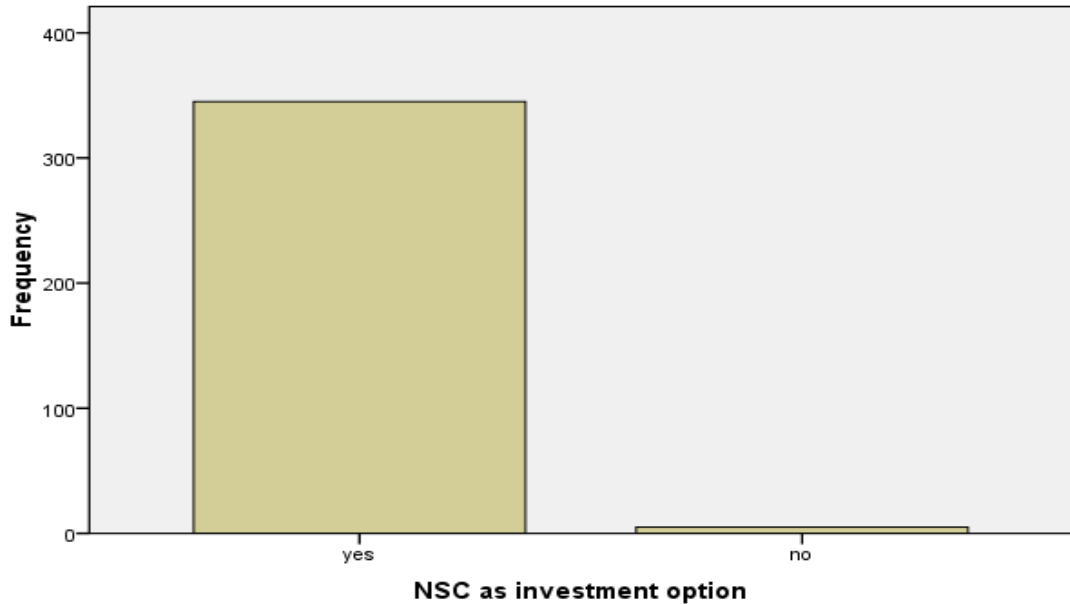
The data observes a higher trend towards investments in land and building by investors, out of sample size of 350 investors 245 investors have opted their choice for investments in land and building whereas 105 investors have not. So, the data signifies that investors choose to invest in product which is safer at the same time may give them appreciated value of their investment, so land and building is considerable options while deciding their investments.

NSC as investment option:

NSC as investment option

	Observed N	Expected N	Residual
yes	345	175.0	170.0
no	5	175.0	-170.0
Total	350		

NSC as investment option



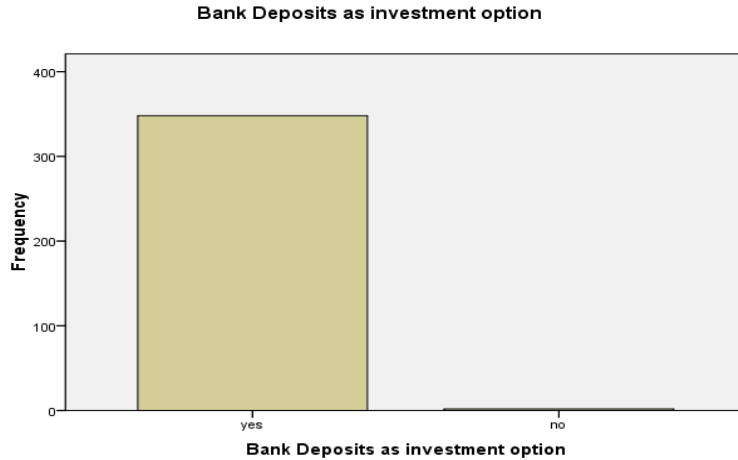
Interpretation:

The data observes a higher trend towards investments in NSC by investors, out of sample size of 350 investors 345 investors have opted their choice for investments in NSC whereas only 5 investors have not. So, the data signifies that investors Behavioral pattern signifies safer return by taking lesser risk and be in safer zone so investment options in NSC is favored more by investor while deciding their investment.

Bank deposit as investment option:

Bank Deposits as investment option

	Observed N	Expected N	Residual
yes	348	175.0	173.0
no	2	175.0	-173.0
Total	350		



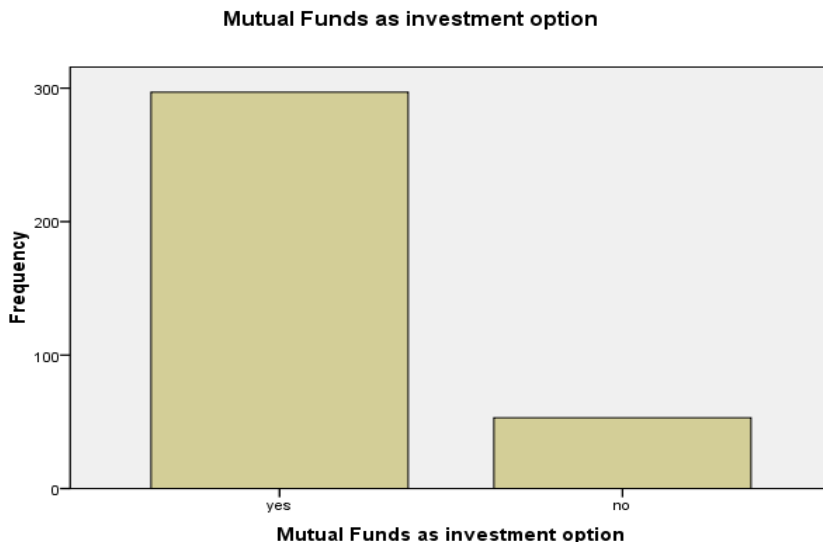
Interpretation:

The data gain observes a higher shift towards investments in Bank Deposits by investors, out of sample size of 350 investors 348 investors have opted their choice for investments in Bank Deposits whereas only 2 investors have not. So, the data signifies that investors safe Behavioral pattern of investors of taking lesser risk and be in safer zone while doing investment.

Mutual funds as investment option:

Mutual Funds as investment option

	Observed N	Expected N	Residual
yes	297	175.0	122.0
no	53	175.0	-122.0
Total	350		



Interpretation:

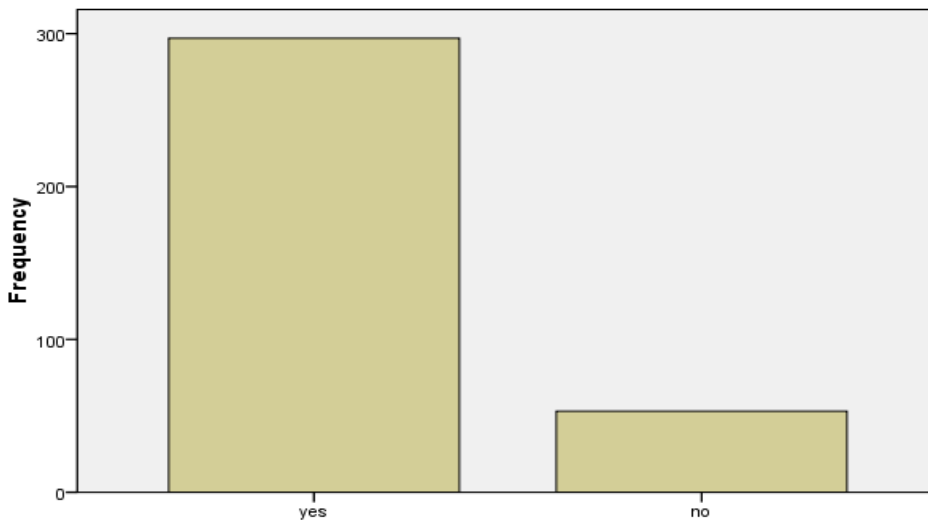
The data observes a shift and growing faith towards investments in mutual fund by investors, out of sample size of 350 investors 297 investors have opted their choice for investments in Bank Deposits whereas only 53 investors have not opted to invest in mutual fund . So, the data signifies that investors Behavioral pattern of investors education level that with growing knowledge of mutual funds the decision to invest more in mutual fund have grown gradually by investors.

Bonds as investment option:

Bonds as investment option

	Observed N	Expected N	Residual
yes	123	175.0	-52.0
no	227	175.0	52.0
Total	350		

Mutual Funds as investment option



Mutual Funds as investment option

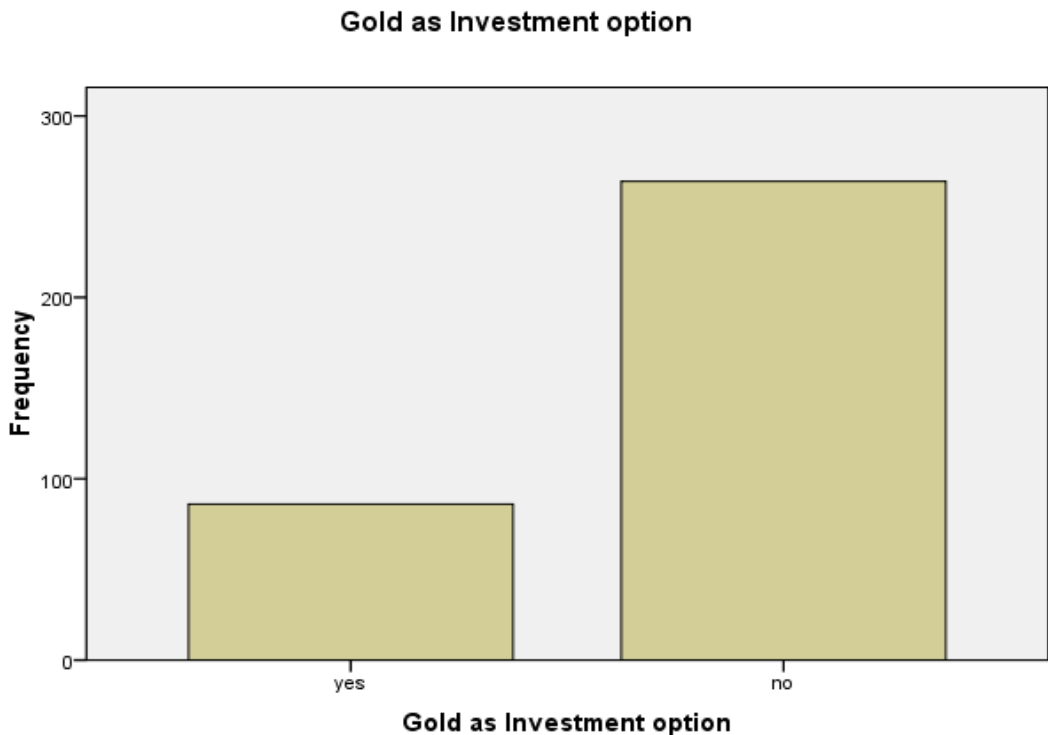
Interpretation:

The data observes a lesser faith towards investments in bonds by investors. out of sample size of 350 investors 123investors have opted their choice for investments in Bonds whereas 227 investors have still not opted to invest in bonds. So, the data signifies the investors Behavioral pattern of investors having lesser education level towards bonds as compared to other investment options.

Gold as investment option:

Gold as Investment option

	Observed N	Expected N	Residual
yes	86	175.0	-89.0
no	264	175.0	89.0
Total	350		



Interpretation:

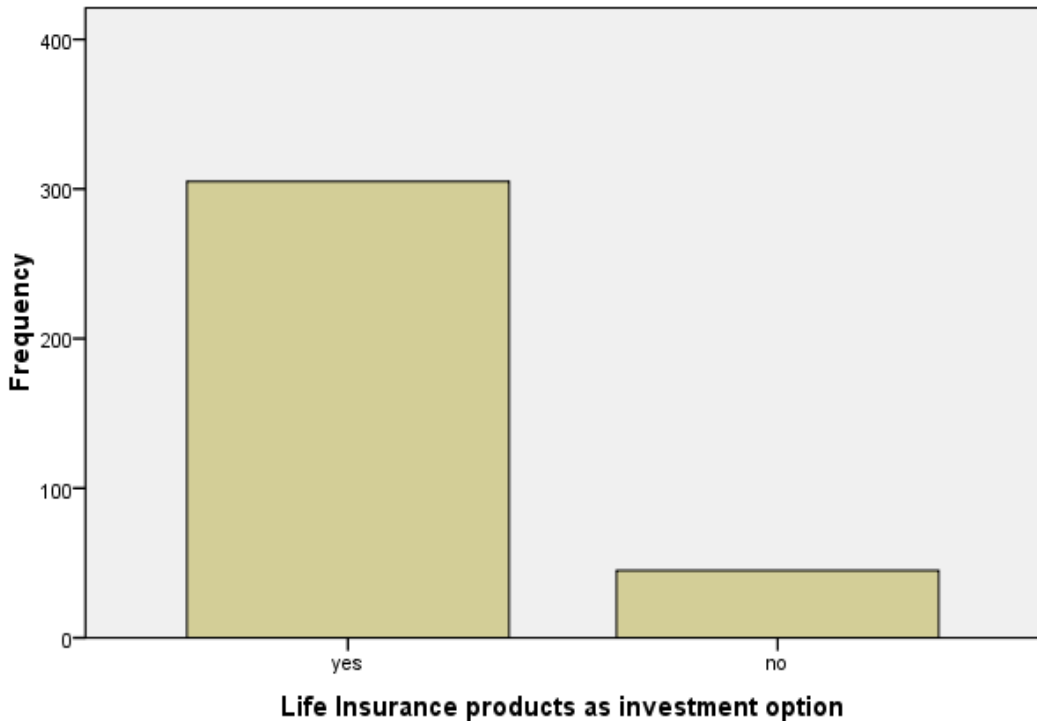
The data observes a lesser faith towards investments in gold investment products by investors. out of sample size of 350 investors 86 investors have opted their choice for investments in gold investment products whereas 264 investors have still not opted to invest in gold investment products. So, the data signifies the investors Behavioral pattern of investors having lesser education level towards gold investment products as compared to other investment options.

Life insurance product as investment option:

Life Insurance products as investment option

	Observed N	Expected N	Residual
yes	305	175.0	130.0
no	45	175.0	-130.0
Total	350		

Life Insurance products as investment option



Interpretation:

The data observes a growing faith towards investments in life insurance products by investors, out of sample size of 350 investors 305 investors have opted their choice for investments in life insurance products whereas only 45 investors have not opted to invest in life insurance products. So, the data signifies the investors Behavioral pattern of investors towards investment in life insurance products is more for obtaining safer and tax-

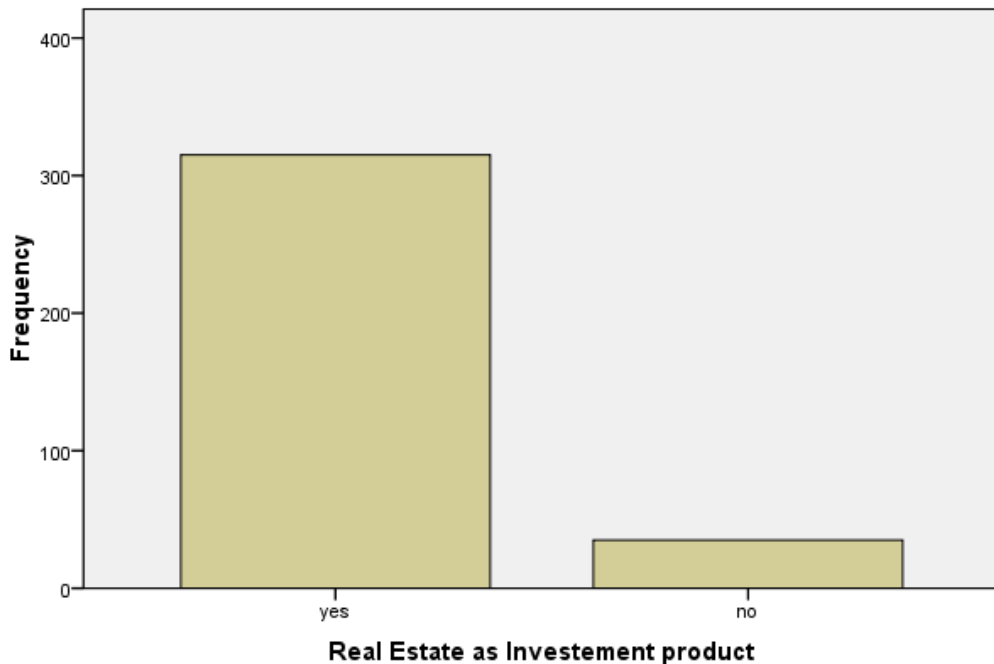
free returns.

Real estate products as investment option:

Real Estate as Investement product

	Observed N	Expected N	Residual
yes	315	175.0	140.0
no	35	175.0	-140.0
Total	350		

Real Estate as Investement product



Interpretation and findings:

The data observes a growing faith towards investments in real estate products by investors, out of sample size of 350 investors 315 investors have opted their choice for investments in Real Estate products whereas only 35 investors have not opted to invest in real estate products. So, the data signifies the investors Behavioral pattern of investors towards investment in real estate products is more for obtaining high and futuristic returns.

Conclusion:

From the above said analysis, findings and interpretation done, the following conclusion may be drawn that investment decision in India is heavily dependent on occupation and earning capacity of investor today. The persons having higher income level tends to invest more as compared to investor with medium and lower income level. Moreover, investment decision changes at different age levels of investors. As seen from data the investors at younger age level have high risk-taking appetite and tend to invest more in risky and marketable returns, they even diversify their portfolio more as compared to investors in middle age group. These investors always shift towards medium risk or lower risky return whereas the senior investors at higher age do take risk at all and always make decisions of investing less or investing in safer returns. The study also concludes a growing investment knowledge among investors towards various investment products and availability of various modes of investments which plays a major role in deciding investment.

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