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**A STUDY ON SINGLE AND MULTIPLE VENDOR SELECTION BY THE
SMEs IN**

THE WESTERN DISTRICTS TAMILNADU

WOMEN AND FINANCIAL LITERACY: STANDPOINTS ON THE GENDER GAP

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Abstract

An alarming number of economic crisis and financial scams have led to recognition that the lack of financial literacy among individuals could have tremendous negative spillover effects if ill-informed financial decisions aggregate across the economy. Consequently, financial literacy is now globally acknowledged as a key life skill. It is argued that lack of financial literacy can act as a barrier to saving as financially illiterate people do not plan ahead sufficiently, do not understand how financial products can help meet savings goals and have a poor understanding of investment. Lack of financial literacy or low level of financial literacy may result into lack of healthy financial ways of thinking, lack of necessary financial knowledge and difficulties in applying financial knowledge, which may lead to poor financial judgments and hence poor personal financial management. Taking cognizance to the fact that there is very little or no theoretical and empirical research work conducted on measuring financial literacy of people in the Indian subcontinent, the present study has attempted to investigate all the key components necessary to be considered as financially literate. From the findings it can be concluded that the understudy youth do not possess adequate financial literacy. However, the scores obtained for basic financial literacy are found to be encouraging with opposite scenario in case of advanced financial literacy concepts. An objective test of financial literacy, comprising of a number of questions is used. This investigation aims to measure the level of financial literacy among youth and ascertain gender differences if any that exists between the financial knowledge depicted by them. An in – depth research analysis to assess the level of financial literacy along with testing the significance of gender in prediction of financial literacy is reported. The results reveal that on an average people depict low levels of financial literacy with women less likely to answer correctly and more likely to indicate that they “do not know” the answer to the questions that measure knowledge of financial concepts.

Keywords: Gender, Financial literacy, Financial Planning, India, youth

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Introduction

India's principal precedence since its independence has been its economic growth, education for all and financial inclusion for the gigantic populace of the homeland. For the underprivileged, access to finance and ensuring the optimum utilization of the resources they possess is a major challenge. Indian economy is no doubt regarded as being on the growth trajectory at a rapid pace. However, the country is still counted among the poor nations of the world with 48% of population still living on day to day earnings and have never dream of savings and life insurance. In reality it is rather shocking to witness the naivety and ignorance of the poor Indians, which leads them to passing over hard earned cash in the hands of some fraudulent personnel making unsupported claims. Consequently, financial literacy is even more critical for this country since it can help these underprivileged people understand how their meager resources can be put to proper use, providing them protection against fraudulent money lenders in the informal financial system thus, protecting them from exploitation and ensuring their financial stability. Financial stability refers to the avoidance of financial crises as also to the ability of the financial system to limit, contain, and deal with the

emergence of imbalances before they pose a threat to the economic process (Bhushan, 2014). The 2008 – 09 subprime crisis points out to the fact that lack of financial literacy impacts financial stability. The main cause for this crisis was the sale of inappropriate mortgage products to borrowers, who were not able to understand the product characteristics. This brings to the light the fact that it is very important for individuals to be financially literate so that they are able to take informed decisions regarding their personal finances and are also able to easily navigate the complex financial marketplace. Financial literacy can broadly be defined as providing familiarity with and understanding of financial market products, especially rewards and risks, in order to make informed choices. Thus, financial literacy primarily relates to personal finance to enable individuals to take effective action to improve overall well being and avoid distress in matters that are financial. Hogarth (2006) argues that financial literacy helps in developing a better understanding of the need to save, invest, insure, borrow from banks for productive purposes, provide for the future etc. In addition, Mishra (2012) contended that financial education is imperative to improve financial capability of Indian citizens. He argues that imparting

real life financial skills to youth is critical to their holistic development. Establishing sound financial habits at a young age will prepare them for financial success in future. Owing to the innumerable benefits of financial literacy it must be improved, however in order to pull through financial literacy, it needs to be measured and tracked. The present study is an attempt to assess the financial literacy level possessed by youth. The researcher has examined the association between gender of youth and their financial literacy level.

Scope of the term “Financial Literacy”

for present study

The scope of the term ‘Financial Literacy’ goes beyond the formal education in finance. It is not limited up to mathematical literacy and standard literacy, but it also includes knowledge and understanding, behavior, attitudes, perceptions and awareness towards financial world. In this study, to explore the level of financial literacy, Basic and Advanced Financial Literacy, composed of the following concepts has been used.

➤ **Basic Financial Literacy**

Knowledge and understanding of basic financial concepts, principles and numeracy, that includes:

1. Understanding of calculations like interest or return
2. Knowledge about electronic mediums like ATM
3. Understanding of a Budget
4. Functioning of stock market
5. Understanding of Risk
6. Awareness about banking products
7. Concept of Personal Finance
8. Knowledge of Insurance
9. Concept of Investment

➤ **Advanced Financial Literacy**

Understanding the concepts forming the base of any investment decision:

1. Knowledge about various financial products
2. Money management like living within means
3. Concept of Time value of Money
4. Awareness about the concept of Inflation
5. Asset allocation
6. Knowledge about Diversification

Review of Literature

Research across the world has focused attention on measuring the extent of financial literacy among different categories of people as well as attempted to discover the socio - demographic variables that appear to have significant influence on financial literacy so as to be able to develop appropriate interventions to enhance

financial literacy. For example, Chen and Volpe (1998) conducted a financial literacy survey involving 924 college students found that the overall mean percentage of correct scores was just 52.87 percent. The survey examined literacy across four main areas, investigated the relationship between literacy and the student characteristics, and analyzed the impact of literacy on student opinions and decisions. The researchers found that those students with a non-business major and who were female, in a lower class rank, under the age of 30 had lower levels of knowledge. The study also indicated that these students with less knowledge were more likely to hold wrong opinions and make incorrect decisions. In addition, Beal and Delpachitra, (2003) conducted a survey on a sample of first-year students from the University of Southern Queensland, Australia across five faculties and tested five main skill areas of financial literacy – basic concepts, markets and instruments of the financial markets, planning, analysis and decision making, and insurance. The researchers reached the overall conclusion that university students were not skilled, nor knowledgeable in financial matters and that this would tend to impact negatively on their future lives through incompetent financial management.

Similar inferences have been drawn by one of the landmark study of financial literacy in Australia entitled Commonwealth Bank Foundation's Australian Financial Literacy Assessment (2005). In this study, 43,236 students participated studying at 479 schools around Australia, representing almost 20% of all Australian secondary schools. The study found that males and females performed equally. 80% of students could understand pricing strategies and around 50% of all respondents could not interpret a bank statement, some 45% to 55% of students failed to understand credit card and other forms of charges like surcharges. Around half the students did not understand motor vehicle insurance. Some 15% to 20% of students could not calculate how to withdraw required sums of money from an ATM. Between 20% and 30% of all students do not recognize indications of Internet fraud. Moreover, Lusardi and Mitchell (2006) attempted to assess financial awareness in Europe and developed questions pertained to the understanding of interest compounding, effects of inflation and risk diversification. In their study the researchers reported widespread financial illiteracy among the general masses with particularly severe among the elderly, females, and those with limited education.

Likewise, studies conducted by the OECD (2005) and Lusardi and Mitchell (2007) while reviewing international evidence on financial literacy found that financial illiteracy is common in many developed countries such as Australia, Japan, and Korea. Into the bargain Marcolin and Abraham (2006) after reviewing a number of studies on financial literacy of youth assert that the studies targeting specifically university students have actually revealed that these students have low levels of financial literacy. Additionally, researchers like Perry (2008); and Lewis and Linda (2009), assert that that many, if not most, consumers do not possess the adequate financial awareness which is necessary for sound financial behavior. Into the bargain, Korean youth survey in 2004 by Jumpstart Coalition concluded that young Koreans fared no better than their American counterparts when tested on economics and finance knowledge, with most of the respondents receiving a failing grade. Furthermore, a Japanese Consumer Finance Survey showed that 71% of adult respondents had no knowledge of investment in equities and bonds and 57% had no knowledge of financial products in general.

Deliberating about the financial literacy in India, a limited number of studies have been conducted. Financial illiteracy has been depicted among Indians, with youth, women and poor people being least aware about financial concepts. In this direction, Bonte and Filipiak (2010), using the data of the National Data Survey on Saving Patterns of Indians (NDSSP) administered by the Ministry of Finance, India, conducted in 2004/2005 in 25 states of the country selected a sample of approximately 40862 respondents, those who are head of household and expected to decide about the future expenses. The researchers reported that most of the Indians lack awareness about different financial instruments. In addition, Seth et al (2010) conducted a study examining the financial literacy of the individuals by asking basic questions about savings, interest rates, nomination, maturity period of NSC, minimum amount to be deposited in Public Provident Fund and personal finance etc. The study indicated that the financial literacy of investors in Delhi and NCR was different for different financial instruments. Around 96% of them have savings account in the banks, but only around 30% had knowledge about National Savings Certificate & Public Provident Fund. While 98 % of the investors knew

about Life Insurance, only about 45% preferred Life Insurance as the most effective financial instrument, which would be helpful at the time of contingencies. Around 92 % of the investors knew about Mutual Funds but only 24 % preferred them. Similarly, Bonte and Filipiak (2011) observe that majority of Indian households are unaware of various financial instruments and among those who are aware only a minority invest in these instruments. Similarly, Thilakam (2012) in his study found that the financial knowledge of rural masses in India is very much limited to the traditionally known savings and investment avenues like bank saving, holding insurance policy, investment in equities , gold or in land/building. The respondents' knowledge on the modern and market sophisticated investment avenues is very much limited. Similar inferences were drawn by Nash (2012) who asserts that due to lack of financial awareness nearly 98% of Indian citizens do not have a Demat account. Also 48% of the Indian population live on day to day earnings and have never dreamt of savings and life insurance. Additionally in an attempt to document the level of financial literacy possessed by Indian investors, Jariwala (2013) report low levels of financial literacy also it was found in the

survey that Indian investors do not plan for long-term future and keep themselves away from investing in the long-term instruments though they save for long-term goals such as emergencies, education and old age. Youth is believed to be one of the most important pillars of an economy. Thus, the financial knowledge of youth is considered to be of utmost importance for the financial health and progress of an economy. Pertinently, concerns about financial preparedness are documented in recent studies demonstrating young adults lack the basic knowledge needed to make good financial choices. Given the researchers knowledge on the subject, it is found that no empirical study is carried out targeting Indian youth. It is against this backdrop that the present investigation has been undertaken with a purpose to make a humble contribution in this direction.

Research Questions

The research questions to which the study attempts to find answer include:

1. Do the level of financial literacy among Indian youth is adequate?
2. Does financial literacy differ between male and female respondents?

Objectives of the Study

In line with the research questions, the present research survey aims to achieve the following objectives:

1. To measure the level of financial literacy possessed by Indian youth.
2. To investigate if any, differences in financial literacy among Indian youth can be explained by gender.

Hypotheses

Corresponding to the objectives of the study, the hypotheses set for this investigation are as follows:

1. The youth do not possess adequate level of financial literacy.
2. Gender is not a significant determinant of financial literacy.

Methodology

Financial literacy can be measured using a number of methods. First, researchers have used custom designed instruments, such as surveys tailored for the specific study conducted Lusardi and Mitchell, (2007). Second, general national benchmark surveys have been used in studies. Third, researchers use pre and post-test evaluations, which test financial literacy levels before and after a training program, Remund (2010). Other surveys which specifically test particular groups include the Financial Literacy and Retirement Readiness Study (workers), the

Jumpstart Survey of the Financial Literacy of Young American Adults (high school and tertiary students), the Australian's Understanding Money, Women Understanding Money Survey (women), the Investor Education Foundation's Financial Capability in the United States Study, which included the Military Survey (military personnel) etc. Thus, it can be concluded that there is diversity in conceptual definitions of the term —financial literacy and the methods of measuring it. However, from the review of relevant literature, it is found that generally there are two types of methodologies used to measure financial literacy. One method is called Performance Test, which is principally knowledge based, reflecting conceptual framework and/or construction; where respondents are given an objective test that measures their financial awareness. These types of surveys were conducted in the countries of United States, Germany, New Zealand and Korea. The second approach named as self-assessment (i.e. self report methods) where respondents are asked about their perceptions of their financial literacy (as understood by a specific study). This approach was used by surveys undertaken in the United Kingdom, Japan and Australia.

Measurement of Financial Literacy in this Study:

The performance test as a method for measurement of financial literacy is most often conducted using a set of Multiple – choice test questions and/or true–false test questions that are included in a larger survey instrument that asks about general or specific financial matters and behaviors, Hilgert et. al (2003), Lusardi and Mitchell, (2007) and Lusardi et al. (2010). The present study also used the objective test to measure the level of financial literacy possessed by the understudy participants. To generate a score to measure financial literacy, each statement/questions in the performance test has been assigned 1 mark. If a respondent gave a correct answer to a question, he/she is awarded one mark for that question. No mark is given for incorrect answers, for refusing to answer questions, or for answers — don't know. The median percentage of correct scores of the sample is considered to frame financial literacy level and/or to classify the respondents into different subgroups Lyons et al. (2007). The respondents with scores above median are classified in the first category, i.e. youth with relatively higher level of financial literacy and respondents with score obtained equal to and lower than median are

considered as respondents with relatively lower level of financial awareness. In this survey, the respondents were instructed to answer the questions on the basis of their own understanding on the subject. They were neither allowed to consult others for additional information nor allowed to use internet/calculator/similar device to answer the questions, to ensure it, the questionnaires were filled in class rooms in presence of the researcher.

Sample Size Calculation

Sample size refers to the number of individuals/ cases/ subjects selected out of the given population to carry out the study on. It occupies a pivotal position in any research study since the results and conclusions drawn out of a study largely depend on the adequacy of the sample size. In order to find out the required sample size for the study, Krejcie and Morgan (1970) approach was used. According to Krejcie and Morgan (1970), following formula can be used to determine sample size:

$$\text{SAMPLE SIZE} = \frac{X^2 NP (1-P)}{d^2 (N-1) + X^2 P (1-P)}$$

X^2 = table value of Chi-Square @ 1 degrees of freedom for specified confidence level
(.10 = 2.71, .05 = 3.84 .01 = 6.64 .001 = 10.83)
N = Population Size
P = Population proportion (assumed to be .50)
d= degree of accuracy/ desired margin of error (expressed as a proportion)

➤ **Population Size (N) for present study:**

The enrolment in Higher education for the academic year 2013-14 is 179398 (J and K, Economic Survey, 2013-14), however to provide for any difference in the actual and official numbers, population size used to calculate the required sample size for this study is been rounded off to 2, 00, 000.

➤ **Degree of Accuracy/ Margin of Error (d):**

There is an inverse relationship between the margin of error and the sample size, as the margin of error decreases, sample size increases. Low margin of error means more confidence and better representation thus leading to larger sample size. However for social

sciences research studies margin of error $\leq .05$ is considered good (Field, 2009), (Malhotra, 2010), (Hair et. al., 2010) and (Kumar, 2014). However, a lower value than 0.05 is appreciated. Thus, the standard error selected to determine the required sample size is 0.035 which is better than the threshold of 0.05 in social science researches.

➤ **Significance level (X^2):** .05 is selected as being the widely accepted and used level of significance for social science research (Field, 2009). This is equal to 3.84 chi-square table value.

➤ **Population Proportion (P):** It is assumed to be .50 as per the model of sample size determination under Krejcie and Morgan (1970).

$$\begin{aligned} \text{Thus, sample size (n) for present study} &= \frac{3.84 * 2,00,000 * .50 (1-.50)}{.035 * .035 (2, 00, 000 -1) + 3.84 * 0.5 (1-0.5)} \\ &= 192000 / 245.958775 \\ &= 781 \text{ (rounded to the next higher integer)} \end{aligned}$$

Note: Using the given formula, the required sample size for the present study with an N equal to 2, 00,000 is equal to 781

Results

A total of 1050 questionnaires were distributed, all of them were collected back since the participants filled them in classrooms in presence of the researcher. However, owing to missing data, carelessness in filling the data, a number of

cases were discarded and a total of 806 respondents were included as reported in

Table 2.
Table 2: Total Respondents included in the study

Region	Administered and Collected*	Screened Out (Discarded)	Net cases	Total used (a) + (b)
Jammu	550	102	448 (a)	806**
Kashmir	500	142	358 (b)	
Total	1050	244	806	

**The questionnaire sets distributed and collected is same as the researcher distributed and collected them back in her presence jotting on a sheet of paper the class roll no. s of the students whose responses were sought.*

*** The total cases used were in excess by twenty – five than the minimum required sample size.*

The participants in this survey include the students pursuing their bachelors and post – graduate degrees. **Table 2.1** represents the demographic profile of sample respondents indicating that 55% are female with around 51% from lower age group of 18 – 21 years. Majority of the respondents are studying business that is, commerce and management with more than 80% of both and females from this group. Out of total 362 male participants, 222 (61%) are post – graduates, whereas remaining are pursuing graduation.

So far as female sample is concerned the table reveals that o 245 that is, (55%) are post – graduates with 84% from commerce and management streams. The students with business background are quite often exposed to the concepts of financial management, consequently their level of financial literacy can be regarded as the point of reference for the financial knowledge of non – commerce that is youth studying science and social science subjects Akhter and Sangmi (2014).

Table 2.1: Characteristics of the Sample

S.No.	Particulars	No. of Women	Percentage of Women (%)	No. of Men	Percentage of Men (%)	Total	Percentage
1	Gender	444	55%	362	45%	806	100%
2	Age group						
	18-21 years	225	50.7%	137	37.8	362	45%
	22-25 years	219	49.3%	225	62.2	444	55%
3	Family Income Level						
	Up to Rs. 15,000 p.m	156	35%	95	26%	251	31%
	Rs. 15,001 - 30,000 p.m	126	25%	117	32%	243	30%
	Rs. 30,001 - 50,000 p.m	94	21%	75	21%	169	21%
	Above Rs. 50,000 p.m	68	15%	75	21%	143	18%
4	Education Level						
	Graduation	199	45%	140	39%	339	42%
	Post – graduation	245	55%	222	61%	467	58%

5	Subject of Study						
	Business (Commerce and Management)	371	84%	320	88%	691	86%
	Science	24	5%	21	6%	45	5%
	Social – Science	49	11%	21	6%	70	9%

Source: Primary Survey conducted by the researcher.

The results of performance test measuring level of financial knowledge possessed by the male and female respondents are depicted in **Table 3**. These questions assessed knowledge in the key areas of personal finance,

insurance, investment, savings, and inflation, time value of money, stock markets, asset allocation, investment

avenues and risk. The table represents the percentage of correct responses from both male and female participants. Only five questions out of fifteen were answered correctly by less than 50% of the time, these concepts include Awareness about investment alternatives (23.8%), Diversification (40.1%), Insurance Knowledge (47.1), Asset allocation (47.5%) and Inflation (47.9%).

Concepts measuring Level of Financial Literacy	No. of Women responding correctly	Percentage of Women responding correctly (%)	No. of Men responding correctly	Percentage of Men responding correctly (%)	Total Percentage of Correct Responses	Difference in (%) of Females and Males
	Total Women 444		Total Men 362		Total Respondents 806	
Personal Finance	241	54.3%	194	53.6%	54.0%	0.7%
Awareness about Investment	86	19.4%	106	29.3%	23.8%	-9.9%
Insurance knowledge	194	43.7%	186	51.4%	47.1%	-7.4%
ATM knowledge	284	64%	230	63.5%	87.3%	0.5%
Budget concept	383	86.3%	321	88.7%	83.9%	-2.4%
Understanding about Risk	157	35.4%	166	45.5%	63.5%	-10.1%
Stock Market awareness	339	76.4%	289	79.8%	70.6%	-3.4%
Numeracy	405	91.2%	331	91.4%	91.3%	-0.2%
Banking Awareness	185	41.7%	198	54.7%	61.3%	-13%

Pertinently these questions are of immense importance for any investment decision and have a pivotal bearing on better financial

decision making. The results suggest that most students have a good knowledge of numeracy and usage of electronic mediums

Table 3: Summary Statistics of Answers given by Respondents under Overall Financial Literacy categorized on Gender Basis

Table 3.1: Results of Responses for Basic

Financial Literacy classified on Gender Basis

Source: Primary Survey conducted by the researcher

response more times than females, with the and risk. The results to these exception of the question on money Questions have been analyzed by gender and management and personal finance. The

Concepts measuring Level of Financial Literacy	No. of Women responding correctly	Percentage of Women responding correctly (%)	No. of Men responding correctly	Percentage of Men responding correctly (%)	Total Percentage of Correct Responses	Difference in (%) of Females and Males
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Numeracy	405	91.2%	331	91.4%	91.3%	-0.2%
Banking Awareness	185	41.7%	198	54.7%	61.3%	-13%
Concept of Diversification	302	68.2%	262	72.5%	40.1%	-4.3%
Financial Products awareness	362	81.5%	314	86.7%	77.9%	-5.2%
Concept of Asset Allocation	205	48.4%	178	49.17%	47.5%	-0.77%
Time value of Money	293	66%	219	60%	63.33%	6%
Money Management Knowledge	298	67%	236	65%	66.3%	2%
Concept of Inflation	207	46.7%	177	48.9%	47.9%	- 2.2%

it can be seen that males have given correct

biggest difference in the responses for men and women participants is depicted for banking awareness (-13%), understanding of risk (- 10.1%) followed by awareness about

investments (- 9.9%) and knowledge about insurance (-7.4%). Overall, the results suggest that men outperform their female counterparts in the financial literacy test.

Source: Primary Survey conducted by the researcher

The overall financial literacy is classified as Basic and Advanced financial literacy, as has been used in a number of studies like Lusardi and Mitchell (2007), OECD (2005). So far as Basic financial knowledge is concerned, the results as depicted in **Table 3.1** reveal that out of total 9 questions, the respondents were found to perform well that is above median for six questions including knowledge about ATM, Bank, Stock Market, Risk trade off and budgeting concept. The respondents lack adequate knowledge of investments, personal finance; insurance which are equally important concepts. However, overall the performance of respondents for basic financial literacy questions was found to be encouraging with most of the respondents giving correct

answers for most of the questions. The data has been analyzed on the basis of gender and it is found that female lag behind in most of questions measuring basic financial literacy is concerned. Men have done better than their female counterparts in answering questions including banking awareness, financial risk, and awareness about investments, budgeting, numeracy and stock market awareness. Women have shown better performance in case of only two concepts of personal finance and knowledge of electronic mediums (ATM); however the difference in scores is quite small. Overall, the results for Basic financial literacy disclose that the performance of females is lower than the male participants.

Table 3.2 depicts the performance of respondents under Advanced Financial literacy. Better performance is depicted for awareness about financial products with 77.9% respondents giving correct answers.

However, the results of gender based classification indicate that men outperformed females with percentage difference of – 5.2% for the question about understanding about financial products. Out

of total six questions constituting advanced financial literacy, 50% questions were % respondents whereas in case of remaining three questions only around 45% of participants could answer it. Interestingly, women depict better scores for queries on time value of money and money management with 66% and 67% of them giving correct answers to these questions respectively. The respondents lack

correctly responded by more than 50

satisfactory knowledge of asset allocation, diversification and asset allocation.

Comparing the performance under basic and advanced financial literacy, the respondents were found to be more knowledgeable about basic financial literacy. This finding is in line with a number of studies including Lusardi and Mitchell (2007), Al - Tamimi (2009) and Jariwala (2013).

Table 3.2: Results of Responses for Advanced Financial Literacy classified on Gender Basis

Concepts measuring Level of Financial Literacy	No. of Women responding correctly	Percentage of Women responding correctly (%)	No. of Men responding correctly	Percentage of Men responding correctly (%)	Total Percentage of Correct Responses	Difference in (%) of Females and Males
	Total Women 444		Total Men 362		Total Respondents 806	
Concept of Diversification	302	68.2%	262	72.5%	40.1%	-4.3%
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Money Management	298	67%	236	65%	66.3%	2%
Concept of Inflation	207	46.7%	177	48.9%	47.9%	- 2.2%

Source: Primary Survey conducted by the researcher

Classification of Respondents into Low and High Financial Literacy Level based on Gender

The respondents were classified as low and high financially literate based on their score obtained. Respondents with scores above median percentage (60%) are classified as having relatively high financial literacy and those with scores less than 60% as having

low financial literacy. The results of the overall classification of all participants irrespective of the gender are depicted in **Table 3.3**. The results indicate that majority of respondents that is almost 54.5% (439 out of 806) hold low financial knowledge

whereas 45.5 % (367 out of 806) are classified as having high financial literacy. results as reported in **Table 3.4**. The results show that out of 362 male participants, 52%

The analysis was carried for male and female respondents separately and the 188 obtained a score of more than 60% and come under High financial literacy category

Table 3.3: Overall Classification of Respondents based on Score obtained

Category	Frequency	Percent
Low Financial Literacy	439	54.5
High Financial Literacy	367	45.5
Total	806	100.0

Source: Primary Survey conducted by the researcher

whereas in case of females a large chunk of 60% are labeled as Low financial literacy with remaining 40% scoring more than 60%

, consequently, classified as High financial literacy.

Table 3.4 : Classification of the Financial Literacy Level based on Gender of Respondents

Gender	Low Financial Literacy		High Financial Literacy		Total	Percentage
	Number	Percentage	Number	Percentage		
Male	175	48%	188	52%	362	100%
Female	265	60%	179	40%	444	100%

Source: Primary Survey conducted by the researcher.

Chi – Square Test

The Pearson's Chi-Squared test was performed to test the significance of association between various control variables such as age - group, gender, family income level, education level, field of study and place of living of youth and their financial literacy level. This test enables to

explain whether or not attributes are associated. It can also be used to determine if categorical data shows dependency or the two classifications are independent. However, it does not tell us the strength of association between two variables in the cross tabulation. To measure the strength of this association, the Cramer's V, one of the measures of indices of agreement is used.

Table 3.4 shows the cross tabulation of gender of the survey respondents and their level of financial literacy. The results indicate that out of 439 respondents classified as having low financial awareness majority that is 60 % (264) are females while as remaining 40% & are males. Also out of 367 respondents with high financial literacy most of them that is, 51% are males with 49% females. In order to test the association between these two variables that is gender and level of financial awareness Pearson's Chi- square was performed at 5% level of significance. The results shows that there is very strong evidence of gender being a determinant of financial knowledge with Chi- Square = 9.937, degrees of freedom=1, and $p < 0.01$. Thus, null hypotheses could not be supported and it is found that there is a strong association

between respondents' gender and their financial literacy level. Further in order to measure the strength of this association, Cramer's V was used. It is found that the strength of association is significant with Cramer's $V = .111$ (11.1%) and $p < .01$ as depicted in Table 3.4. Consequently, it is concluded that difference in the level of financial literacy between males and females significant statistically. This finding is in conformity with a number of studies, like Chen and Volpe (1998), Worthington (2006), Marcolin and Abraham (2006) Lusardi and Tufano (2009), Lusardi et al.(2010), Seth et al (2010), Bonte and Filipiak (2010) , Library of Congress (2011) Angelo and Ian (2011) , Gallery et al. (2011) and Jariwala (2013), Akhter and Sangmi (2015).

Table 3.4: Chi- Square Results of Respondents' Gender and level of Financial Literacy

Respondent's Gender	Overall Level of Financial literacy		Total	Pearson's Chi – Square Test			Cramer's V	
	Low	High		Value	Df	Sig.	Value	Sig
Male	175 (48.3)	187 (51.7)	362 (100)	9.937	1	.001	.111	.002
Female	264 (59.5)	180 (40.5)	444 (100)					
Total	439 (44.9)	367 (55.1)	806 (100)					

Source: Primary Survey conducted by the researcher. Note: Figures in parentheses represent the percentage of respondents

This study explored gender on financial literacy by using a linear regression. Linear regression fits data to models where the dependent variable is a continuous measured

variable such as test scores or degrees of financial literacy. Therefore, since it is degrees of financial literacy, which is of interest in this study, a linear regression was

conducted. **Table 4** indicates that gender is a significant predictor of financial literacy with B of -.111 $p < .05$.

Table 4: Linear Regression :- Coefficients ^a

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	1.628	.057		28.481	.000
Respondents' Gender	-.111	.035	-.111	-3.168	.002

a. Dependent Variable: a. Financial Literacy

Conclusions and Suggestions

The ambiguity of the term financial literacy and a lack of measurement benchmarks make any form of measurement or assessment difficult. However, this study has attempted to investigate all the key components defined by this study as necessary to be considered financially literate. From the findings it can be concluded that the understudy youth do not possess adequate financial literacy. However, the scores obtained for basic financial literacy are found to be encouraging with opposite scenario in case of advanced financial literacy concepts. Pertinently the questions covered under advanced category occupy a pivotal position in better financial decision making. The finding suggests that more emphasis should be given towards creating awareness about the concepts which form the basis of any

investment decision like risk diversification, inflation, awareness about investment avenues as the understudy youth were found to be least knowledgeable about these concepts. The findings revealed that males on average performed better on financial literacy test than their female counterparts. Special attention must be paid towards improving the financial knowledge of the fair sex giving their participation in financial decision making of households. Financially literate female folk would have better financial household financial management. Consequently, the investigation suggests that if the policymakers like the government or other regulators aim to increase financial decision making of the women in general, they should increase efforts in promoting financial literacy through basic educational programs regarding financial issues to develop their financial skills and abilities to such an extent that they can make decisions

independently and on a financially meaningful basis. Proper training should be offered specifically to women to address the circumstances that they are faced with in regards to money management and investing. Financial education should be imparted to people at an earlier stage in the

life cycle of people so that the habit of savings and proper money management and investment is ingrained into them right from their childhood. Thus, financial literacy would ensure that individuals are informed and empowered to do better financial planning and ensure financial security.

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**IMPACT OF LEVERAGE FOR LONG RUN SUSTAINABILITY:
A STRATEGIC MOVE**

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Abstract

Companies make investment with an urge to attain profits. Investment requires money which if, fall short on the balance sheet, can be borrowed from outside sources. Borrowed money comes with a risk, a risk of making fixed interest payments. Now there arises a trade-off between risk and an urge to make returns. The strategic moves of such companies which make investment on stock market with borrowed funds, was studied for 2008 to 2014. A time series analysis was done to assess the overall impact of strategy indices in affecting stock market return. The results of the study confirm that there is positive and significant impact of strategy indices on stock market return.

Keywords: Nifty 50 PR 2x, Nifty 50 TR 2x, NSE, Strategic Leverage, Sustainability.

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Introduction

Investment in stock market is very attractive for investors from time-immortal. Lucrative returns in one seasons prompts investors to make more and more investment in the market. Investment requires money but the small investor always finds shortage of funds especially for making money in the stock market. They sometimes forgo their urge to invest barring shortage of funds, but in the long run they tend to borrow from the market in view of making further investment. This tendency leads to infusion of leverage in the portfolio of individual investors. The increasing percentage of such investors in the market exerts the long-term impact on market returns. In such a move, the expectation form the stock market performance is quite high, as they should be in a position to earn sufficient returns that guarantees at least the interest paid on leverage taken. Is there a role of such investors in affecting the overall market returns is an important point of concern? Two indices, which are a proxy for leverage based investment are Nifty50 PR 2x and Nifty50 TR 2x.

Strategic indices are designed on the basis of quantitative models / investment strategies

to provide a single value for the aggregate performance of a number of companies.

1. The Nifty50 PR 2x Leverage Index is designed to generate multiple time return of the underlying index in situations where the investor borrows funds to generate index exposure beyond his/her cash position.

Index value calculation

Nifty50 PR 2x Leverage Index Value = Previous day's Nifty50 PR 2x Leverage Index Value * (1+ Nifty50 PR 2x Leverage Index Return)

Index return calculation

Nifty50 PR 2x Leverage Index Return = $2 * ((\text{Current Nifty50 PR Index Value} / \text{previous day Nifty50 PR Index Value}) - 1) - (\text{previous days CBLO rate} / 360) * (\text{diff. in no. of days between today and previous trading day})$

2. The Nifty50 TR 2x Leverage index is designed to generate multiple time return of the underlying index in situations where the investor borrows funds to generate index exposure beyond his/her cash position.

Index value calculation

Leverage Index value = Previous day's Nifty50 TR 2x Leverage Index Value * (1+ Nifty50 TR 2x Leverage Index Return)

Index return calculation

Nifty50 TR 2x Leverage Index Return = $2 * ((\text{Current Nifty50 TR Index Value} / \text{previous day Nifty50 TR Index Value}) - 1) - (\text{previous days CBLO rate} / 360) * (\text{diff. in no. of days between today and previous trading day})$

Nifty50 TR 2x Leverage

The Nifty50 TR 2x Leverage Index is designed to generate multiple time return of the underlying index in situations where the investor borrows funds to generate index exposure beyond his/her cash position.

Nifty50 2x Leverage Index seeks twice the index return on a daily basis. Index is designed to provide magnified exposure to Nifty 50 Methodology Index value calculation Nifty50 TR 2x Leverage Index Value = Previous day's Nifty50 TR 2x Leverage Index Value * (1+ Nifty50 TR 2x Leverage Index Return) Nifty50 TR 2x Leverage Index Return = $2 * ((\text{Current Nifty 50 TR Index Value} / \text{previous day Nifty 50 TR Index Value}) - 1) - (\text{previous days CBLO rate} / 360) * (\text{diff. in no. of days between today and previous trading day})$

Objectives of Study

To measure the impact of strategy on CNX NIFTY.

Methodology

The study is empirical in nature. Data was collected from 1st January 2008 to 31st December 2014 from the website of NSE. A model was developed to analyze the impact of strategy indices on Nifty for the period 2008 to 2014. Multivariate regression was applied where independent variables were $X_1 = \text{NIFTY PR 2X}$, $X_2 = \text{NIFTY TR 2X}$ and dependent variable was $Y = \text{Nifty Index}$. Fitness of the statistical model was checked with the help of Wald test and White test. White test & Wald Test were applied to check whether the residual variance of a variable in a regression model is constant or not. Tools used for the data analysis were MS- EXCEL and E-Views software which are widely used in financial research.

Hypotheses of the Study

H_{01} : There is no significant impact of strategy indices on CNX Nifty.

H_{a1} : There is a significant impact of strategy indices on CNX Nifty.

LITERATURE REVIEW

With plethora of literature on the subject, certain relevant studies are mentioned here.

Covas, F and W Den Haan (2011) did a study where they found that bank equity returns are more sensitive to systematic risk

near cyclical troughs than they are near the top of the cycle. It was established due to the presence of negative co-efficient. Yet another study by **Penman S H, Richardson S A and Tuna I,2007**:Penman et al. (2007) observed that leverage component is negatively associated with stock returns by decomposing the book-to-price ratio into two components; business operations and financing activities. Their suggested how the pricing of the leverage be done to evaluate risk in asset pricing models.**Hou K and Robinson D T, 2006**made a study to find out what derives returns in both low and high concentration sectors and conferred that the returns in both declined due to leverage and there is a negative relationship due to risk factors such tax rates and industry concentration. Their study also stressed upon the usefulness of leverage in common asset pricing models. **Dhaliwal D. S., Heitzman S. and Zhen Li O, 2006** extended their study to include the interaction terms and observed that the coefficient estimate for leverage remains negative and significant throughout. Employing CAPM, they found that the coefficient on the interaction term stays negative and it reduces the effect of financial leverage in high concentration of industry. They observed similar results by

employing the FF model but when the returns were estimated with the four factor model, the coefficient on the interaction term was positive. This feature was attributed to the tax benefits arising from higher tax rates that increase the effect of leverage on returns. Firms in higher tax brackets enjoy higher tax shields and this increases the negative effect of leverage on returns, as they increase more for high tax firms as leverage declines. This is consistent with Dhaliwal et al (2006) who report that equity risk premium decreases in leverage. Another study was done by **Campbell, J. Y., and J. H. Cochrane, (1999)** where they undertook to study the by simulating the economy and exploring the time-series behavior of a firm's stock returns and volatility allowing for both debt and equity. They conclude that at the market level, financial leverage has little economic significance due to the dynamics of riskless rate and the market price of risk. At firm level, financial leverage explains stock return volatility only partially. Leverage effect was further explored by J.P. Bouchaud, M. Potters, AlXea-Saclay,(1997)establishing that leverage correlation is moderate and decays over a few months for individual stocks, and much stronger but decaying much faster for stock

indices. In the case of individual stocks, the magnitude of this correlation can be rationalized in terms of a retarded effect, which only assumes that the reference price used to set the scale for price updates is not the instantaneous price but rather a moving average of the price over the last few months.

Another interesting study was done by Fama, Eugene F., and Kenneth R. French, (1992) where they studied the relationship between leverage and returns by comparing their theoretical findings with the empirical evidence obtained from the CRSP/Compustat Merged database for the years between 1963 and 2006. The study conclude that the book leverage is unrelated to cross-sectional dispersion in returns is consistent with the inconclusive results in the empirical literature. On the other hand, market leverage, containing market capitalization in the denominator is mechanically positively related to returns. Studies by Black (1976), and others [French, Schwert and Stambaugh (1987); Schwert (1989)], have established that leverage alone cannot explain the direction of returns and the resultant stock market volatility. There is an increase in debt –equity ratio due to the reduction in the equity value and this

phenomenon is observed in corporate sector.

Another important aspect brought forward by Modigliani F and Miller M H., (1963) was the role of tax benefit brought with the issue of debt in the capital structure up to a certain limit beyond which these are counter balanced by costs associated with bankruptcy and financial distress. An extension in the same direction was done by a study by Dhaliwal et al. (2006) where he examined the relationship between leverage, corporate taxes and the firm's implied cost of capital. It was observed that with the introduction of corporate taxes, the cost of equity capital increases at the same time, it reduces the risk premium which in turn is manifested in the decreased returns where firms' tax rate is zero as well as where it is greater than zero.

Another important contribution was made by Modigliani, Franco and Merton H. Miller (1958) where they studied whether financial leverage affects stock returns directly, through its effect on equity risk and secondly whether its effect on business risk, by influencing investment decisions. They conferred that there was positive effect of debt in the leverage which comes from the fact that the book-to market ratio and

market leverage are closely related when book leverage is constant. The review of these studies gives a direction to study in the domain of leverage and thus, develop a better understanding of the subject matter.

DATA ANALYSIS AND RESULTS

Unit Root Test

A unit root is a feature of that evolves through time that can cause problems in statistical inference involving time series models. A linear stochastic process has a unit root if 1 is a root of the process's characteristic equation. Such a process is

non-stationary. A unit root test is statistical test for the proposition that in an autoregressive statistical model of a time series, the autoregressive parameter is one. In a data series $y(t)$, where t a whole number, modeled by,

$$Y(t+1) = \alpha y(t) + \text{other terms}$$

Where α is an unknown constant, a unit root test would be a test of the hypothesis that $\alpha=1$, usually against the alternatives that $|\alpha|$ is less than 1.

Unit root test was conducted one by one on all the series to check for stationarity of the data, the results are as follows:

Augmented Dickey-Fuller Test Statistic	T-Statistic	MacKinnon One-Sided Prob. (1996)	1% Level	5% Level	10% Level
NSE_RET	-35.67813	0.0000	-3.434733	-2.863363	-2.567789
NIFTY PR 2X	-35.69650	0.0000	-3.434737	-2.863365	-2.567790
NIFTY TR 2X	-35.69117	0.0000	-3.434733	-2.863363	-2.567789

Table 1: Results of Unit Root Test on NSE_RET, NIFTY PR 2X and NIFTY TR 2X

From table 1, we see that all the three series. i.e., NSE_RET, NIFTY PR 2X and NIFTY TR 2X are free from the problem of unit root and they are stationary. We infer this result on the basis of p value, which is .0000 in all three cases.

Estimation Equation with Regression

In our study, there are three variables i.e. Dependent: NSE_Ret_New and Independent (i) Nifty pr 2x (ii) Nifty tr 2x. After the

initial check for stationarity, regression was run with the help of E-Views Software.

Dependent Variable: NSE_RETURNS				
Method: Least Squares				
Date: 04/08/15 Time: 20:21				
Sample (adjusted): 2 1425				
Included observations: 1424 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
NIFTYTR2X_RETURNS	0.502368	0.000449	1119.339	0.0000
NIFTYPR2X_RETURNS	0.002658	0.000449	5.923300	0.0000
C	0.000156	9.45E-06	16.50032	0.0000
R-squared	0.999178	Mean dependent var		0.000663
Adjusted R-squared	0.999176	S.D. dependent var		0.012407
S.E. of regression	0.000356	Akaike info criterion		-13.04083
Sum squared resid	0.000180	Schwarz criterion		-13.02974
Log likelihood	9288.070	Hannan-Quinn criter.		-13.03669
F-statistic	863132.6	Durbin-Watson stat		1.943910
Prob(F-statistic)	0.000000			

Table No 2: Regression Results for the year 2008-2014.

The middle panel summarizes the information about the estimated coefficients. As we know that hypothesis is co-efficient of t statistics = 0. And we reject null hypothesis as $p < 0.5$. We infer that both NIFTY TR 2X and NIFTY PR 2X explains the returns on NSE for the period under study. Thus, one percentage increase in NIFTY TR 2X leads to .5 % increase in NSE_RET, keeping NIFTY PR 2X as constant. Also, one percentage increase in NIFTY PR 2X leads to .002 % increase in NSE_RET, keeping NIFTY TR 2X as constant. A very high R-Square of .99 shows that the complete model explains 99%

variation in NSE_Ret. Overall significance of both the co-efficient is also established by F Statistics, which is also significant. The Errors of the model developed are not serially correlated as shown by the Durbin Watson of 1.9. These facts establish the fitness of the model.

Our equation becomes, $Y = -0.000156 + 0.5023 \times \text{NIFTY TR 2X} + 0.0026 \times \text{NIFTY PR 2X}$

Post Estimation: Actual, Fitted, and Residual Series

After developing the model, it was further analyses by residual analysis. The Graph for Residual Testing is shown in figure 1.

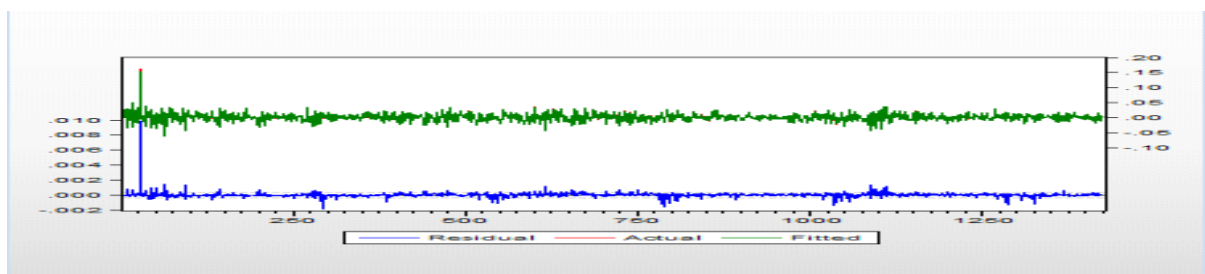


Figure 1: Residual Graph

From a graphical view of the figure, we find that the residuals of the equation are relatively large.

Hypothesis Testing

We are using the estimated equation to perform hypothesis tests on the coefficients of the model. First we perform a Wald test. E-Views names coefficients c(1), c(2), c(3), etc., numbering them in the order they

appear in the regression (including the constant). Specify the hypothesis as an equation in the Wald Test box. For multiple restrictions, we enter multiple coefficient equations, separated by commas. The result from Wald test after enters the restriction into the edit box, with multiple coefficient restrictions separated by commas.

Wald Test: Equation: Untitled			
Test Statistic	Value	df	Probability
F-statistic	863132.6	(2, 1421)	0.0000
Chi-square	1726265.	2	0.0000
Null Hypothesis: C(1)=0,C(2)=0 Null Hypothesis Summary:			
Normalized Restriction (= 0)	Value	Std. Err.	
C(1)	0.502368	0.000449	
C(2)	0.002658	0.000449	
Restrictions are linear in coefficients.			

Table 2: Results of Wald Test

As the chi-square value is significant in the result of wald test, the model is fit by placing restrictions.

Heteroskedasticity Test: White

White test is a statistical test that establishes whether the residual variance of variable in a regression model is constant that is for homoscedasticity and estimator for heteroskedasticity consistent standard errors.

Heteroskedasticity Test: White				
F-statistic	2679.180	Prob. F(5,1418)	0.0000	
Obs*R-squared	1287.693	Prob. Chi-Square(5)	0.0000	
Scaled explained SS	264157.3	Prob. Chi-Square(5)	0.0000	
Test Equation:				
Dependent Variable: RESID^2				
Method: Least Squares				
Date: 04/09/15 Time: 11:26				
Sample: 2 1425				
Included observations: 1424				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-3.24E-07	2.37E-08	-13.68092	0.0000
NIFTYTR2X_RETURNS	1.42E-06	1.02E-06	1.388914	0.1651
NIFTYTR2X_RETURNS^2	0.000276	2.93E-05	9.426449	0.0000
NIFTYTR2X_RETURNS*NIFTYPR2X_RET...	0.000417	3.45E-05	12.07259	0.0000
NIFTYPR2X_RETURNS	2.66E-06	1.02E-06	2.609522	0.0092
NIFTYPR2X_RETURNS^2	0.000243	2.81E-05	8.647570	0.0000
R-squared	0.904279	Mean dependent var	1.27E-07	
Adjusted R-squared	0.903942	S.D. dependent var	2.57E-06	
S.E. of regression	7.96E-07	Akaike info criterion	-25.24480	
Sum squared resid	8.99E-10	Schwarz criterion	-25.22263	
Log likelihood	17980.29	Hannan-Quinn criter.	-25.23652	
F-statistic	2679.180	Durbin-Watson stat	1.579648	
Prob(F-statistic)	0.000000			

Table No.Results of White Test

The top panel of the above table shows the results of the White test, while the bottom panel shows the auxiliary regression used to compute the test statistics. The ***Obs*R-squared*** statistic (in the top panel) is the White statistic with a “ χ^2 ” (Chi-Square) distribution. In this case it is less than .05. So, we reject the null and say that residual suffering from the problem of Heteroskedasticity. From the Prob. Chi-Square value, and we decidedly reject the :

null of homoskedascity. This means that the error term is heteroskedastic and we should adjust standard errors accordingly. One approach to dealing with heteroskedasticity is to correct the standard errors to account for heteroskedasticity. E-Views provide built-in tools that allow you to adjust standard errors for heteroskedasticity of unknown form. Addressing heteroskedasticity: Robust Standard Errors, the results of adjusting S.E will also help of white test are as follows

Dependent Variable: NSE_RETURNS				
Method: Least Squares				
Date: 04/09/15 Time: 11:27				
Sample (adjusted): 2 1425				
Included observations: 1424 after adjustments				
White heteroskedasticity-consistent standard errors & covariance				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
NIFTYTR2X_RETURNS	0.502368	0.002320	216.5014	0.0000
NIFTYPR2X_RETURNS	0.002658	0.002309	1.151371	0.2498
C	0.000156	7.08E-06	22.02444	0.0000
R-squared	0.999178	Mean dependent var		0.000663
Adjusted R-squared	0.999176	S.D. dependent var		0.012407
S.E. of regression	0.000356	Akaike info criterion		-13.04083
Sum squared resid	0.000180	Schwarz criterion		-13.02974
Log likelihood	9288.070	Hannan-Quinn criter.		-13.03669
F-statistic	863132.6	Durbin-Watson stat		1.943910
Prob(F-statistic)	0.000000			

Table No. Results of White Test

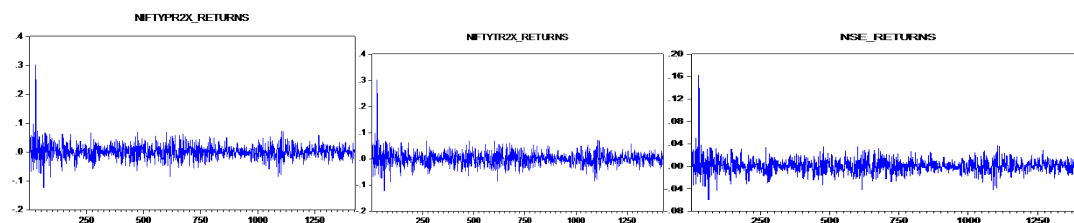
By comparing White heteroskedasticity table and the original regression table, we see that coefficient of all eight variables remain same penalizing S.E in case of white test consistent standard errors & covariance after judgements.

Conclusion

The results of the present study confirm that investment strategies of the companies have a significant impact on affecting returns on National Stock Exchange of India. These firms have been gaining their importance by making investments not

only from their own funds but also by leveraging their capital structure. For investors, who look forward to sacrificing their hard earned money can look forward to choosing levered firms, as their overall impact on NSE is quite high. This research paper has focused only in element of returns ignoring the element of risk. So, it is suggested that risk element may also be born in mind before making a just investment decision. These in turn help companies to become sustainable in the long run.

ANNEXURE



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VRS REVISITED: LEGAL & HR FRAMEWORK**Dr.Deepak Sharma*****Abstract**

Voluntary Retirement Scheme (VRS) may be introduced by an organization with the objective of combating the recession in the business or to cater to the demands of technological changes & challenges that it faces in the environment. Recently organizations such as Kasturi & Sons (The Hindu) and Hooghly Dock & Port Engineers Limited rolled out a VRS package for its employees. In the past organizations such as Maruti, Escorts, Nokia, Tata, Dr.Reddy's Laboratories, Air India, Coal India Limited and may others have been rolling out various VRS packages but all have not been successful in meeting their objectives to the same extent. For increased effectiveness of VRS, Human Resource Department needs to play a major role in planning, designing and implementation of such schemes. Supreme Court and High Courts also have interpreted the disputes of VRS floated by different organizations giving a perspective within which organizations may plan for introducing and offering VRS. These judgments have also provided a framework to the employers as well as employees in the area of VRS. The paper attempts to examine the legal framework of VRS and the role of HR in designing of VRS.

Keywords : Voluntary retirement, Supreme Court, High Court, Human Resources, legal framework

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Introduction

VRS has been used by organizations as a tool to gain efficiency and survive in competitive global environment. The organizations that want to discontinue any of the existing product or technology may feel the need to float VRS as it doesn't need the manpower related to that product or that technology. Organization may opt for replacing existing machinery and may not need manpower that is skilled only to handle a select plant or machinery. Any particular unit/department of an organization may not be doing well/running into losses and organization may sub-contract the services of that unit/department and float VRS to get rid of manpower of that particular unit/department.

The implementation of VRS has been most noticed among the electronics, drugs and pharmaceuticals, pesticides and chemicals as well steel and textiles industry. VRS is prevalent both in private organizations as well as Public Sector Undertakings. In September 2015, improved VRS was approved by Prime Minister of India, Narendra Modi for employees of Hooghly Dock & Port Engineers Limited. Kasturi & Sons Ltd. (KSL) publisher of the Hindu and Group publications announced VRS in March, 2015 for employees who were

more than 40 years of age and over 10 years of experience. In the beginning of 2015 in order to combat with a loss of Rs.2,123 crore for December quarter, Tata Motors offered VRS to its employees to give a boost to competitiveness.

Farm equipment major Escorts Ltd announced implementation of a VR Sin October, 2014 as part of its organizational restructuring under which 350 employees exited the company. In 2014 [Asian Paints](#) closed down its oldest plant at Bhandup in Mumbai and the employees of the unit opted for either [voluntary retirement](#) or shifted to some other plants. VRS announced by Coal India Limited management was, in fact, the result of an effort which took at least 8-9 years to materialize.

VRS has seen Union resistance also. In April 2014 Nokia India had announced VRS to reduce its operations at the contract manufacturing factory. Some 5000 of the 6600 permanent employees opted for VRS at the Nokia Plant at Sriperumbudur near Chennai. Its Union claimed that those who opted for the scheme did so out of fear of job loss. Trade Unions even approached the labour department with a petition that the VRS was not a correct move and the

government should intervene and get the organization to roll back such scheme.

Also in the wake of economic slowdown, Hinduja flagship Ashok Leyland announced VRS for its employees. The organization spent Rs.43.58 crore on settlements for those who accepted the offer up to December 31, 2013. Ashok Leyland claimed that VRS was aimed at reducing manpower expenditure and at aligning fixed costs to reduced activity levels. Reebok India had offered VRS to 200 employees in 2012 out of which 84 took up the offer. It also downsized store count to 500 with two-third of the original franchisees staying on board with the company after its transition into a new business model.

HR Department & VRS

HR Department of the company has a vital role in determining and identifying who will be covered and who will not and who may opt and who may not. HR Heads in consultation with top management may decide coverage of employees, i.e. for whom VRS is to be floated. It may address questions such as “Does the scheme cover all levels across the organization, or a few levels/skills/sections/departments/divisions only?” Certain category of workforce may not be ready to acquire competencies due to aging. They might feel that it would be far better to opt for VRS than going for

training and retraining at a particular age. HR has to do homework in order to identify such categories of employees.

Review of the Literature

Kumar and Tripathi (2015) in a study of an analysis of impact and implications of VRS found that employees felt that VRS policy is only good for the Company but not for the employee. Most of the employees felt that VRS is retrenchment without tears.

Sudarshanam (2012) found that economic and social compulsions play a major role in opting for VRS. Author also concluded that decision to accept VRS cannot be attributed to any specific factor. A number of factors jointly bring pressure on the employee and influences his decision. Out of 240 respondents financial commitment was found to be predominant reason in 34.64 percent of respondents. Another factor that influenced Voluntary Retirement decision was attractiveness of the VRS package and inducement by management.

Maheshwari and Kulkarni (2003) who conducted a study on VRS found that there was no fixed pattern of VRS among organizations and even the implementation of VRS differed significantly between organizations. All the organizations had some unique characteristics in their VRS.

No specific sector of organizations has fully benefitted from VRS. According to the study, organizations that offered VRS to younger and less experienced employees showed decline in their performance while those that offered to the older employees had better chances of improving performance. The schemes that were kept open for appropriate period of time seem to be more effective. Factors contributing to the success of VRS are effective communication, building trust among employees about procedural justice, and involvement of multiple stakeholders.

Maheshkumar (2009) in a study of voluntary retirees from public sector banks in Tamil Nadu found that employees faced more work pressure in their concerned bank and this was one of the major reasons why they opted for VRS. Most of the voluntary retirees were placed in private organizations after retirement and were satisfied with their retirement life.

Suri and Poonam (2003) in a study of 120 samples comprising of employees of public sector banks found that most important reasons to opt for VRS were the scope for other employment, monotony in their present job, transfer of self or spouse and their plan to set up their own business with the help of financial benefits they received after taking VR. Major reasons

for females to opt for VRS were settlement of children, ill-health of self or family, transfer of spouse or self, redundancy of job or skills, to spend more time with their family, boring routine and monotony perceived by them at the job and to start their own pursuits after VRS.

The success of VRS depends on its ability to attract larger number of targeted employees to accept the scheme at the least cost to the organization and its least negative influence on retained manpower. It is also indicated that people who carry high self-efficacy have high propensity of leaving the organization while the under productive employees may stay longer with the organization. It is likely to create difficulties to achieve higher performance in the organization (Zammuto and Cameron, 1985).

Research Methodology

The research paper is based on the review of the 25judicial pronouncements related to Voluntary Retirement (15 Supreme Court Judgments and 10 High Court Judgments), apart from consideration of judgments/rulings which form part of judgments included for the study.

Results & Discussion

In case of C.V.Francis v. Union of India [(2013)LLR 785 SC] it was held by Supreme Court that a VRS introduced by a company, doesn't entitle an employee as a

matter of right to the benefits of the Scheme. A Voluntary Retirement Scheme introduced by a company is essentially a part of the company's desire to weed out the deadwood.

In case of Chairman and MD Indian Overseas Bank v Tribhuvan Nath Srivastava [(2011) LLR 225 SC] appeal by special leave at Supreme Court was directed against the judgment and order dated September 3, 2003 passed by a division bench of the Allahabad High Court on a writ petition. Board of directors of the appellant-bank in its meeting held on November 25, 2000 approved a VRS for the officers and employees of the bank, called the IOB Officers/Employees VRS–2000. The object of the scheme was to adopt measures to have optimum human resources at various levels in keeping with the business strategies, skill profile to achieve balanced age and requirement of the bank. Supreme Court held, “Any interpretation of the terms of VRS 2000, although contractual in nature, must meet the test of fairness. It has to be construed in a manner that avoids arbitrariness and unreasonableness on the part of the public sector banks that brought out VRS 2000 with an objective of rightsizing their manpower. The banks decided to shed surplus manpower. By formulation of the special scheme (VRS 2000), the banks

intended to achieve their objective of rationalizing their force as they were overstaffed. The special Scheme was, thus, oriented to lure the employees to go in for voluntary retirement.” Indian Overseas Bank floated VRS but did not accept the VRS request of respondent as he had performed exceptionally well. The decision of the bank was challenged by respondent before High Court of the State. High Court directed the bank to reconsider the matter and take a fresh decision on application of respondent for grant of VRS, in accordance with the law and the scheme. Board of directors of the bank constituted a committee to reconsider request of the respondent. The Committee concluded that keeping in view the past track record, the services of respondent were required for the development of the bank and hence, resolved not to accept the voluntary retirement application under the scheme. Committee’s decision was once again challenged by the respondent before the High Court. High Court allowed writ petition of respondent and directed the bank to accept application of respondent for grant of voluntary retirement. The bank challenged it at Supreme Court which allowed the appeal of Bank and held that VRS cannot be claimed as a matter of right.

In *Power Finance Corporation Ltd. v. Pramod Kumar Bhatia* [(1997) 4 SCC 280] Supreme Court held “It is now settled legal position that unless the employee is relieved of the duty, after acceptance of the offer of voluntary retirement or resignation, jural relationship of the employee and the employer does not come to an end.” In this case a scheme of voluntary retirement was floated and pursuant thereto the respondents had applied for voluntary retirement but subsequently the Corporation had withdrawn the scheme although the offer had been accepted.

A full bench of Supreme Court in *Punjab National Bank v. Virender Kumar Goel* [(2004) 2 SCC 193] held that an employee who sought voluntary retirement and subsequently wrote for its withdrawal but has withdrawn the amount of retiral benefits as per the VRS, is not entitled to the withdrawal of his application for voluntary retirement. Court held that VRS is contractual in nature. Court *inter alia* held that the request of an employee seeking voluntarily retirement would not take effect until and unless it was accepted in writing by the competent authority and, therefore, this Court upheld the right of the employee to withdraw his option from Voluntary Retirement before the same was accepted.

In *State bank of Patiala v Phoolpati* [(2005) 3 SCC 88] Supreme Court held that unless employee is relieved from duty after accepting his offer for Voluntary Retirement, the relationship of employee and employer does not cease. Supreme Court commented, “It is a settled position in law that unless the employee is relieved from the duty after acceptance of the offer of voluntary retirement or resignation, jural relationship of the employee and the employer does not come to an end...A complete and effective act of resigning office is one which severs the link of the resignor with his office and terminates his tenure. This position was highlighted by a constitution Bench of this Court in *Union of India and Ors. V. Gopal Chandra Misra and Ors.* [(1978) 2 SCC 301], and reiterated in *Balram Gupta v. Union of India and Anr.* [(1987) Supp. SCC 228], *J.N. Srivastava v. Union of India and Anr.* [(1998) 9 SCC 559], *Nand Keshwar Prasad v. Indian Farmers Fertilizers Cooperative Ltd. and Ors.* [(1998) 5 SCC 461]..”.

In the case of *National Textile Corporation Ltd v. M.R.Jadhav* [(2009) LLJ 224 SC] it was held by Supreme Court that unless employee’s offer to avail VRS was accepted and acceptance is communicated, he cannot get benefits under the scheme for Voluntary Retirement floated by

employer. The employee has no right to claim benefits of VRS when his option is not accepted.

In Vice Chairman & Managing Director, Andhra Pradesh State Irrigation Development Corporation Ltd. v. R. Varaprasad [(2003) 11 SCC 572] Supreme Court held that once an employer accepts the application of VRS, an employee later cannot withdraw from the scheme even if he continues in service beyond the cut-off date due to lack of funds to settle his dues.

In GM Appellate Authority v. Mohd. Nizamuddin [(2006) 7 SCC 410] Supreme Court held that an employee committing deliberate financial irregularity, cannot escape by opting for Voluntary Retirement; Voluntary Retirement from employment is not automatic but depends on employer's acceptance of option.

In Vijay Kumar v Whirlpool of India [(2008) LLR 227 SC] Supreme Court held that, "the benefits of settlement arrived subsequent to VRS, will not be available to a person who has opted for VRS and received the package."

Supreme Court in Board of Trustees, Visakhapatnam v. T.S.N. Raju [(2006) 7 SCC 664] held that, "We, have no hesitation in coming to the conclusion that the VRS was not a proposal or an offer but merely an invitation to treat and the

applications filed by the employees constituted an offer."

In Bank of India v. Pale Ram Dhanial [(2004) III LLJ 226 SC] it was held by Supreme Court that when an employee who had opted for VRS introduced by the bank though withdrew his option but having withdrawn payment under the Scheme as deposited in his account, his withdrawal option for VR was not valid.

In Ramesh Chandra Sankla v. Vikram Cement [(2009) AIR 713 SC] it was held by Supreme Court that claim petition of workmen will not be preceded with till the workmen refund the amount of benefits already received by them under VRS from the management at the relevant time.

In Shambhu Murari Sinha v. Project and Development India Ltd. [(2002) AIR 1341 SC] it was held by Supreme Court that employer cannot refuse to accept withdrawal of option for VR if it was sent before jural relationship of employer and employee came to an end.

In Union of India v. Wing Commander T.Parthasarathy [(2001)AIR 158 SC]it was held by Supreme Court that there can be no deprivation of a substantive right of a person (employee) by the employer except on the basis of any statutory provision or rule or regulation.

In Tata Iron & Steel Co. Ltd. v. Workmen of M/s Tata Iron & Steel Co. Ltd. [(1972)

AIR 1917 SC] Supreme Court observed that the real purpose of enacting notice of change under Section 9A IDA is to afford an opportunity to workmen to consider the effect of the proposed change and, if necessary, to present their point of view on the proposal and such consultation would further serve to stimulate a feeling of common joint interest of the management and workmen in the industrial progress and increased productivity.

In M/S. Kec International Ltd. vs Kamani Employees Union & Others[(1998)3 Bom CR 590 Bom HC] the principal question that needed to be decided was whether the VRS attracted the provisions of section 9-A of the Industrial Disputes Act, 1947 read with Item 10 and 11 of the IVth Schedule to the Industrial Disputes Act. Bombay High Court held that VRS results in reduction of posts and hence attracts Item 11 of Schedule IV of the Industrial Disputes Act, 1947. Item 10 can be attracted depending on the facts of the case. Notice, therefore, under section 9-A is mandatory.

In case of EID Parry India Ltd. v. M.N.Padmanabhan [(2008) LLR 1087 Mad HC] it was held that, “As the VRS employee has already ceased to be a workman and on cessation of the jural relationship and on claiming the entire amount of settlement and receiving the

same, there cannot be any scope to construe that there is a dispute still existing to raise a claim under Section 2-A of the Act. Therefore, the Court held that a workman opting for VRS, receiving benefits and collecting PF is debarred from challenging his option. Once employee accepts the benefits of VRS he ceases to be a workman.”

In Maruti Udyog Ltd. v. State of Haryana [(2008) LLR 936 P&H HC]it was held by Punjab & Haryana High Court that withdrawal from VRS after receiving the benefits and that too after two and a half years will not be tenable.

In Oil and Natural Gas Commission v. L.K.Khan Babi [(2010) LLR 357 Guj HC] it was held that acceptance of VRS cannot be challenged on the ground of non-conducting of exit interview. Employee applied under VRS by moving an application dated 1-5-1992 effective from 31-7-1992. On 15-7-1992, he withdrew his application for VR. BY order dated 2-9-1992, his application for VR was accepted. He was retired from service on 2-9-1992. He was paid terminal benefits. He challenged the validity of order dated 2-9-1992 by filing writ petition on the ground that his exit interview was not conducted as provided under VRS before accepting his application and even before giving him terminal benefits. His application was

allowed by learned single judge. The employer challenged the order of the learned single judge by filing Letters Patent Appeal. Appeal was allowed. It was held that Scheme of VR is not statutory in nature but provides the guiding principles. The Scheme cannot be mandatory or compulsory to hold the exit interview. Any order made without holding the exit interview cannot be vitiated on that ground alone.

In *Godrej Soaps Ltd. v. Baban Baburao Nimane*[(2003) III LLN 1036 Bom HC]Bombay High Court held that Voluntary Retirement and superannuation or retirement of workman on reaching age of superannuation are two different and distinct eventualities; the Industrial Disputes Act, 1947 has also made distinction between the two. According to the Godrej, the workmen had all accepted the voluntary retirement scheme and, therefore, nothing was due and payable to them as claimed in the application. While rejecting the other claims the Labour Court allowed the claim of the workmen in respect of the service award and directed that each of the workmen be paid Rs. 1,000/- in lieu of the wrist watch. It was contended on behalf of the Godrej that the notice for payment of ex gratia was applicable to only those employees who were on the rolls of the Company on the

date of disbursement of the bonus/ex gratia i.e. for daily rated workmen and monthly rated Peons and Watchman on 16th October, 1995 and for the other staff and employees as also Officers and Managers on 17th October, 1995. Therefore, according to Godrej, workmen who had accepted the voluntary retirement scheme in May 1995 were not eligible for payment of ex gratia. It was held, "Superannuation is a term used for cessation of employment on account of an employee reaching the age of superannuation or age of retirement which, in the present Company, is 60 years. Admittedly, these workmen ceased to be in employment not on account of having attained the age of 60 years, but because of a voluntary retirement scheme which gave them the option to retire at an earlier age. Superannuation presupposes that it is due to efflux of time and the workmen attaining the age of retirement that his services ceased with the employer. Voluntary retirement and retirement of the workman on reaching the age of superannuation are two different and distinguishable eventualities. The contention of the workmen that the clause in the voluntary retirement scheme indicates that for all purposes an employee is considered to be superannuated on acceptance of the voluntary retirement scheme also does not seem to be proper."

In *Tribal Co-Operative Marketing v. Siddhartha Kumar* [(2008) LLR 915 Del HC] Delhi High Court held that the terms and conditions of the Voluntary Retirement Scheme were not governed by any statutory rules but were a matter relating to contract and, therefore, the provisions of the Contract Act would be applicable, both on the formation of the contract and also the determination thereof.

Patna High Court in the case of *Manjubala Sinha v. State of Bihar* [(2002) LLR 175 Pat HC] held that if request for withdrawing Voluntary Retirement is not established employees won't be entitled to withdraw. It was held by the court that, "Whether or not the petitioner submitted her application, before the Secretary/Managing Committee withdrawing her request for voluntary retirement is a pure question of fact on which it is not possible for this writ Court to record a finding in her favour more so when the issue is being strongly disputed by the other side".

In *Carona Ltd. v. Sitaram Atmaram Ghag* [(2000) 3 Bom CR 608 Bom HC] it was held by Bombay High Court that workman who opted for VRS can raise a claim under Industrial Disputes Act when cheque towards payment was bounced.

Jharkhand High Court in case of *Tata Iron & Steel Company v. Gyanendra Sahay*[(2005) LLR 438 Jhar HC] held that allegations of undue pressure upon an employee to write and sign an application for premature retirement will not be tenable when not supported with evidence. In *Kanan Das v. Hindustan Copper Ltd.*[(2005) LLR 237 Jhar HC] it was held by Jharkhand High Court that employees opting for VRS and receiving VRS benefits cannot claim additional benefits accruing out of subsequent scheme. In a contract between employer and employees pertaining to option for VRS, it is not the court to rewrite terms of contract.

Findings and Recommendations

From the judgments discussed following findings emerge that are vital for employees and employers to understand:

- 1) VRS is not a proposal or an offer but merely an invitation to treat and the applications filed by the employees constitute an offer
- 2) VRS cannot be claimed as a matter of right.
- 3) A Voluntary Retirement Scheme introduced by a company, doesn't entitle an employee as a matter of right to the benefits of the Scheme. Whether an employee should be allowed to retire in terms of the Scheme is a decision which can only be taken by the employer

company, except in cases where the Scheme itself provides for retirement to take effect when the notice period comes to an end.

4) Unless the employee is relieved of the duty, after acceptance of the offer of voluntary retirement or resignation, jural relationship of the employee and the employer does not come to an end.

5) Request of an employee seeking voluntarily retirement would not take effect until and unless it was accepted in writing by the competent authority and, therefore, employee has the right to withdraw his option from Voluntary Retirement before the same was accepted.

6) Unless employee's offer to avail VRS was accepted and acceptance is communicated, he cannot get benefits under the scheme for Voluntary Retirement floated by employer.

7) The employee has no right to claim benefits of VRS when his option is not accepted

8) Once an employer accepts the application of VRS, an employee later cannot withdraw from the scheme even if he continues in service beyond the cut-off date due to lack of funds to settle his dues.

9) An employee committing deliberate financial irregularity, cannot escape by opting for Voluntary Retirement as VR from employment is not automatic

but depends on employer's acceptance of option

10) The benefits of settlement arrived subsequent to VRS, will not be available to a person who has opted for VRS and received the package

11) As the VRS employee has already ceased to be a workman and on cessation of the jural relationship and on claiming the entire amount of settlement and receiving the same, there cannot be any scope to construe that there is a dispute still existing to raise a claim under Section 2-A of the Industrial Disputes Act, 1947.

12) Voluntary Retirement and retirement of workman on reaching age of superannuation are two different and distinct eventualities.

13) Terms and conditions of the Voluntary Retirement Scheme were not governed by any statutory rules but were a matter relating to contract and, therefore, the provisions of the Contract Act would be applicable, both on the formation of the contract and also the determination thereof.

14) If request for withdrawing Voluntary Retirement is not established employees won't be entitled to withdraw

15) Employer cannot refuse to accept withdrawal of option for VR if it was sent before jural relationship of employer and employee came to an end.

16) There can be no deprivation of a substantive right of a person (employee) by the employer except on the basis of any statutory provision or rule or regulation.

17) Workman who opted for VRS can raise a claim under IDA when cheque towards payment was bounced.

18) Allegations of undue pressure upon an employee to write and sign an application for premature retirement will not be tenable when not supported with evidence.

19) Employees opting for VRS and receiving VRS benefits cannot claim additional benefits accruing out of subsequent scheme. In a contract between employer and employees pertaining to option for VRS, it is not the court to rewrite terms of contract.

20) When an employee who had opted for VRS introduced by the organization though withdrew his option but having withdrawn payment under the Scheme as deposited in his account, his withdrawal option for VR would not be valid.

21) Acceptance of VRS cannot be challenged on the ground of non-conducting of exit interview.

As far as recommendations are concerned most important one is that VRS results in reduction of posts and hence attracts Item 11 of Schedule IV of the Industrial Disputes Act, 1947. Item 10 can

be attracted depending on the facts of the case. Notice, therefore, under section 9-A of IDA is mandatory. The notice of change must be given at or before the time when the scheme is displayed and applications invited from the workmen. HR has to take care that notice of 21 days must elapse before the management can accept the offer of the workmen pursuant to the Scheme. Real purpose of enacting notice of change under Section 9A IDA is to afford an opportunity to workmen to consider the effect of the change and, if necessary, to present their view on the proposal and such joint consultation would stimulate a feeling of common joint interest of the management and workmen for increasing productivity.

Background and potential of persons who would opt for VRS should be carefully understood by the HR to avoid legal battles later on. Also jobs and categories of jobs/employees need to be assessed and identified where VRS should be refused. Minimum qualifying period of service and/or age of employees for the purpose of determining eligibility under VRS need a careful consideration by the HR Department.

Consequences of VRS payment on company finances and payback period for the company if VRS is considered as investment is the key area for HR

Department to consider. Also, the method of payment (lump sum or installments) should also be decided.

The scheme when finalized has to be communicated as fully as possible by HR to each and every worker and all queries should be answered with full patience and care. Even if the introduction of the scheme and its implementation are at the sole discretion of the management, it is essential to share the information with the Union and also the employees through normal channels of communication even before the scheme is introduced. Employees to be communicated the decisions of Supreme Court that a VRS introduced by a company, doesn't entitle an employee as a matter of right to the benefits of the Scheme. Whether an employee should be allowed to retire in terms of the Scheme is a decision which can only be taken by the employer company, except in cases where the Scheme itself provides for retirement to take effect when the notice period comes to an end.

Requirements under the Scheme should be religiously followed by HR such as if exit interview is provided under the Scheme it must be conducted otherwise it may give way to unnecessary and unwanted litigation such as it happened in Oil and

Natural Gas Commission v. L.K.Khan Babi [(2010) LLR 357 Guj HC].

The supervisors and managers at all levels of the hierarchy within the organization need to be educated about the need, features, and processes of implementation of the scheme. Counseling support should be readily available to them with HR department taking lead in that. Workers should be given a detailed guidance and advice on filing forms, benefits of lump sum investment, especially from HR department.

The scheme should be introduced step-by-step in a phased manner to avoid sudden massive reductions in workforce, which may adversely affect the motivation of the employees who are still working with the organization. HR should constantly review and monitor the response of the employees towards the VRS and the lessons learnt for the future.

Conclusion

Various public sector and private sector organizations have been introducing VRS from time to time to manage redundancies and to keep pace with technological changes. The organizations should be clear in their objectives of offering VRS and they should explicitly mention these objectives in their schemes. They should make the scheme as transparent as possible and be open for any communication and

clarifications to make the employees develop trust. The organizations should carefully target persons for VRS.

HR department and HR professionals have a vital role in design and implementation of the VRS. They even need to be prepared for offering their services related to communication, consultation, and counselling and exit interview to the employees. Also, their input becomes equally important for review of such schemes and monitoring mechanisms.

The judicial approach to VRS as clarified by Supreme Court and High Courts from time to time has been that VRS, if introduced by an organization, doesn't entitle an employee as a matter of right to the benefits of the Scheme. Case laws show some broad pattern regarding offer and acceptance of VRS, relationship of employer and employee in different phases of launch of VRS, possibilities of withdrawal of option of VRS and whether the VRS attracted the provisions of section 9-A of the Industrial Disputes Act, 1947.

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**SALES PROMOTION STRATEGIES IN SELECTED ORGANIZED RETAIL SHOPS : A
CASE STUDY**

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Abstract:

Retail shops are an important part of nation's economic and social structure as they play a very important role in creating opportunists for the growing retail shops. In Indian retail sector organized retail is a recent phenomenon. Organized retail sector refers to the sectors undertaken by licensed retailers i.e., those who are registered for sales tax, income tax, and many more. These include the corporate retail formats of the exclusive brand outlets, supermarkets, departmental stores and shopping. The organized sector's growth potential will increase due to globalization, high economic growth, and changing life style. Even small towns and cities are witnessing a major shift in consumer lifestyle and preferences, and have thus emerged as attractive markets for retailers to expand their presence.

The study aims to find out the strategies used for sales promotion in selected organized retail shops, to know the impact of sales promotion, what are the problems and prospects and the relationship between the promotional strategies and buying decision of customers in a selected organized retail stores in Vijayapur. The sample unit is five organized retail outlets and a sample size were 125 respondent has taken for the study. Hence, an attempt made to understand the sales promotion strategies in selected organized retail shops and helps to shop owners to take correct decisions and to improve the strategies in retail shops which help to know the effectiveness of retail shops.

Keyword: Retail Shop, Promotion, Customer

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1. Introduction:

Retail is the sale of goods and services from individual or business to the end-user. Retailers are part of an integrated system called the supply chain. A retailer purchases goods or products in large quantities from manufacturers or directly through a wholesaler and then sells smaller quantities to the consumer profit. Retailing can be done in either fixed location or online. Running a retail shop can be a daunting proposition for many business owners, while retail can be a successful venture and can lead to big profits, several challenges stand in the way of many entrepreneurs. Regardless of located, most retail shops have to overcome some challenges to succeed. As **Schultz** and his coauthors (1998)¹ emphasize that a successful sales promotion plan doesn't exist without the knowledge of customers such as 17% of all retailers and the 26% of all non-food retailers (Ex: clothing, shoe shop etc.) Found in their research. On the contrary, Central statistical office and reports of marketing research institutes, found that the number of small independent shops are decreasing from year to year, but multinational companies become popular because of their favorable prices. Under such circumstances the question arises

¹Schultz and his Coauthors, 'Sales Promotion as Strategy and Tactic among Small Independent Retail Shops', Journal of Consumer Research, Vol.20, Page no 644-656, 1998.

how important the retailers consider sales promotion strategies in their marketing program.

2. REVIEW OF LITERATURE:

Sales promotion includes those activities which enhance and support mass selling and personal selling and which helps complete and co-ordinate the entire promotional mix and make the marketing mix more effective.

Dr. Preeta H Vyas (2007)²: This paper reveals that organized retail industry is poised for growth. Retail sector is in particular has a great opportunity with alignment of Indian Economy to globalized market, with this wide spread use of sales promotion short term activities which provide material inducement to consumers and trade it becomes imperative for managers to understand such practices and challenges. This study investigates sales promotion activities of apparel stores in Ahmadabad market and compares them on various dimensions.

Kim ShyamFam, Lin yang, Geoffrey Tanakinjal and New Zealand (2008)³:

².Preeta H. Vyas, 'Sales Promotional in Apparel Retail Sector and Challenges Ahead', Indian Institute of Management Ahmedabad, page no 3-13, 2007

³. Kim-ShynFam, Lin Yang and Geoffrey Tanakinjal (New Zealand), 'Innovation Sales Promotion Techniques among Hong Kong Advertisers- A Content

Reported that the sales promotion related advertisements that appeared in a major Hong Kong newspaper. That alliance between the promotion techniques and the environment is important and underlines the importance a company should place on its environment. As marketing environment has affected promotion trades, this study provides marketing practitioners with a new strategically managed sales promotion with the consideration of the environment dynamics along with the timeline.

Karen Gedenk, Scott A. Neslin and Kusum L.

Ailawadi (2009)⁴: This paper of sales promotion has an important role in the marketing programmes of retailers. A large percentage of retailer sales are made on promotion. While advertising in classic media is becoming less effective, communication through promotions reaches the consumers at the place and time where most purchase decisions are made. Retailers can use many different forms of price promotions, such as temporary price reductions, coupons and multi items promotions and combine them with non-price promotions like features, displays, etc.

Analysis", Innovative Marketing, Volume 4, Issue 1, 2008.

4. Karen Gedenk, Scott A. Neslin and Kusum L. Ailawadi, 'Sales Promotion', University of Cologne, Germany, 2009.

Keller Veronica (2010)⁵: This paper compares various sales promotion activities followed by apparel retail stores in organized sectors. To analyze the sales promotion strategies and tactic of small independent retailers specialized on the selling in Transbanubia and Budapest and on the identification of sales promotion techniques and factors influencing deal proneness. To identify the connection between sales promotion and consumer behavior because it is important to understand the process till customers decides to buy promoted products.

Dr. Sanjay Panday and Apoorwa Mishra

(2012)⁶: This paper reveals that retailers are typically those strategies and operational process options chosen by a business owner or operator to ensure the superior performance and competitiveness of their business. Whilst at a functional level, they include manager's

5. Keller Veronika, 'Sales Promotion as Strategy and Tactic among Small Independent Retailers', Theses of Doctoral Dissertation, page no 1-25, March 2010.

6. Dr. Sanjay Panday & Apoorwa Mishra, 'Impact of Sales Promotion Schemes on Retailer of Chhattisgarh', International Journal of Research in Finance and Marketing, volume 2, Issue 10, ISSN 2231-5985, Page no 30-44, October 2012.

7. Soni Neha and Verghese Manoj, 'Impact of Sales Promotion Tools on Consumer's Purchase Decision towards White goods at Durg and Bhilai Region of CG, India', Research Journal of Management Science, Vol. 2(7), page no 10-14, ISSN 2319-1171, July 2013.

8. T. Surulipal & K. Baranidharan, "Promotional Strategy of Big Bazaar: An Insight", International Journal of Retailing and Rural Business, Vol. 2, Number 1, ISSN (P): 2279-0934. (O): 2279-0942, Page no 284-285, January-March'2013.

choices of marketing operational and HR strategies and business processes that facilitate the achievement of the organization strategic goals. Sales promotions have proven effective at increasing the overall bottom line in many retail stores.

SoniNeha and Varghese Manoj (2013)⁷:

This paper examined the sales promotion has been considered as most stimulating technique of promotion fire or influencing the purchasing decision. As per the survey of Cox Direct (1998) on promotional practices suggest that many companies spend as much as 75% on sales promotion and 25% on advertising of this total promotional budget. Sales promotion includes those activities, which enhance and support mass selling and personal selling and which help complete and co-ordinate the entire promotional mix and make marketing mix more effective.

T. Surulipal& K. Baranidharan (2013)⁸:

This paper reports that the retail sector has been at the helm of India's growth story. According to Indian Council for Research on International Economic Relation (ICRIER), India is the seventh largest retail market in the world. The organized sectors growth potential will increase due to globalization, high economic growth, and changing life style. The main challenge to the modern retail outlets is

to attract the customers towards them from that of competitors.

3. OBJECTIVES OF THE STUDY:

This research aims at study the present market scenario. The organized retail sector want to capture the market study concerns with evaluating fast developing area and to measure the customer satisfaction.

1. To know the sales promotional strategies among organized retail shops.
2. To study impact of sales promotion strategies among customers.
3. To study the problems and prospectus of sales promotion in selected retailers.
4. To know the relationship between promotional strategies and buying decisions.

Hypothesis:

Ho: There is no impact of sales promotional strategies among customers.

Ho: there is no relationship between problems and prospects of retail outlets on sales promotion.

Ho: there are no significant associations between promotional strategies and buying decisions of customers.

Ho: Sales promotion strategies are not significant effect on improvements of retail outlets.

4. METHODOLOGY:

The research study covers exploratory and descriptive in its nature. Exploratory research is used for collect secondary data from magazines, journals, books, reports of

marketing institutions websites etc.

Descriptive research is used to collect the data, which is through set of open ended and close ended questionnaire in order to know the sales promotion strategies of organized retail shops in Vijayapur city.

STATISTICAL TOOLS USED FOR RESEARCH

Research design	Exploratory and Descriptive
Research instrument	Survey, (open ended and close ended questionnaire)
Measurement scale	5 Point Linker Scale, SD and Correlation
Data collection	Primary data and secondary data
Sample size	125 respondents
Sample location& period	Vijayapur city and 2015
Sample plan	Systematic sample random(convenience)
Sample Units	5 units
1. Shri Siddeshwar Super Bazaar Private Limited	
2. Shri Siddeshwar Super Bazaar Private Limited	
3. Teli Super Market	
4. The Bagalkotkar's Bada Bazaar	
5. Kalpataru Retail Shop	

Brief profile of the Selected Retail Shops:

1. Shri Siddeshwar Super Bazaar private Limited was established on 19-03-2004 with an initial investment of Rs. 60,00,000. The turnover was Rs.90,00,000 during 2014 and it has branches in Vijayapur, Indi-town and Athani cross. Totally 100 brands are usually marketed. Totally 60 brands are usually marketed. 2. The Teli Super Market was

established on 08-10-2014 and It has initial investment of Rs. 60,00,000 and its monthly turnover is Rs. 15,00,000 and above, and its monthly revenue is Rs 7,00,000 to Rs 8,00,000. The market situated in a well place with a new Kolapur complex near Itagi petrol pump, Ayyappa Swami Nagar, Takke Road, Vijayapur-586102. Totally 70 brands are usually marketed. 3. The A1 Super Market was established in 2014. The market situated in a

well place Itagi colony, Athani Road,Vijayapur city. Totally 25 brands are usually marketed.⁴ The Bagalkotkar'sbada bazaar was established on 30-11-2013. It was started with initial investment of Rs. 30,00,000.

Background of Retail Sector:

Indian organized retail market is growing at a fast pace due to the boom in the India retail industry. In 2005, the retail industry in India amounted to Rs 10,000 billion accounting for about 10% to the country's GDP. The organized retail market in India out of this total market accounted for Rs 350 billion which is about 3.5% of the total revenues. Retail market in the Indian organized sector is expected to cross Rs 1000 billion by 2010. Traditionally the retail industry in India was largely unorganized, comprising of drug stores, medium, and small grocery stores. Most of the organized retailing in India have started recently and is concentrating mainly in metropolitan cities. The growth in the Indian organized retail market is mainly due to the change in the consumer's behavior. Retail market in the organized sector in India is growing can be seen from the fact that 1500 supermarkets, 325 departmental stores, and 300 new malls are being built. Many Indian companies are entering the Indian retail market which is giving Indian organized retail market a boost. One such company is the

Reliance Industries Limited. It plans to invest US\$ 6 billion in the Indian retail market by opening 1000 hypermarkets and 1500 supermarkets. Pantaloons are another Indian company which plans to increase its retail space to 30 million square feet with an investment of US\$ 1 billion. Bharti Telecoms an Indian company is in talks with Tesco a global giant for a £ 750 million joint venture. A number of global retail giants such as Wal-Mart, Carrefour, and Metro AG are also planning to set up shop in India. Indian organized retail market will definitely grow as a result of all this investments

Sales promotions targeted at the consumer are called consumer sales promotions. Sales promotions targeted at retailers and wholesale are called trade sales promotions. Some sale promotions, Sales promotion are one of the five aspects of the promotional mix. Sales promotion includes several communications activities that attempt to provide added value or incentives to consumers, wholesalers, retailers, or other organizational customers to stimulate immediate sales. These efforts can attempt to stimulate product interest, trial, or purchase. Examples of devices used in sales promotion include coupons, samples, premiums, point-of-purchase (POP) displays, contests, rebates, and sweepstakes. Sales promotion is needed to attract new customers, to hold present customers, to counteract

competition, and to take advantage of opportunities that are revealed by market research. It is made up of activities, both outside and inside activities, to enhance company sales. Outside sales promotion activities include advertising, publicity, public relations activities, and special sales events. Inside sales promotion activities includes window displays, product and promotional material display and promotional programs such as premium awards and contests.

Need of sales promotion: Presently all companies are having very attractive strategies to their customer and this is aimed at what is in the mind of customers with reference to the sales / purchase their

expectations in order to increase the sales of retail shops. Since there are very few companies in the market, the competition among the companies trying to prove themselves as a leader. But only companies, which the superiority quality products with high competitive pricing & attractive promotional strategies, only can able to be the market leader. Need of sales promotions is to Create differentiation, Creates new content and communication opportunities, Creates up sell and cross sell opportunities, Drives customer decision making, Creates word-of-mouth opportunities and Creates company focus on marketing

5. Strategies of Sales Promotion:



i.Free samples: Sometimes these free samples are also distributed by the shopkeeper even without

purchasing any item from his shop. These are distributed to attract consumers to try out a new product and thereby create new customers.

(ii) Exchange schemes: It refers to offering exchange of old product for a new product at a price less than the original price of the product. This is useful for drawing attention to product improvement.

(iii) Price-off offer: Under this offer, products are sold at a price lower than the original price. This type of scheme is designed to boost up sales in off-season and sometimes while introducing a new product in the market.

(iv) Coupons: Coupons are issued by manufacturers either in the packet of a product or through an advertisement printed in the newspaper or magazine or through mail. These coupons can be presented to the retailer while buying the product. The holder of the coupon gets the product at discount.

(v) Fairs and Exhibitions: Fairs and exhibitions may be organized at local, regional, national or international level to introduce new products, demonstrate the products and to explain special features and usefulness of the products. Goods are displayed and demonstrated and their sale is also conducted at a reasonable discount.

(vi) Trading stamps: In case of specific products trading stamps are distributed among the customers according to the value of their purchase. The customers are required to collect these stamps of sufficient value within a particular period in order to avail of some benefits. This tool induces customers to buy that product more frequently to collect the stamps of required value.

(vii) Scratch and win offer: Under this scheme a customer scratch a specific marked area on the package of the product and gets the benefit according to the message written there. In this way customers may get some item free as mentioned on the marked area or may avail of price-off, or sometimes visit different places on special tour arranged by the manufacturers.

(viii) Money Back offer: In this scheme customers are given assurance that full value of the product will be returned to them if they are not satisfied after using the product. This creates confidence among the customers with regard to the quality of the product. This technique is particularly useful while introducing new products in the market.

xi. Contests: Induce consumers to use their skills or creative and analytical abilities to win a prize. This tool can increase consumers' involvement with the product.

x. Sweepstakes: Require participants to submit some sort of contest entry but normally require no additional effort on their part. The advantages are that it gets consumers to use the product and store it more often, which minimizes brand switching. The disadvantage is that sales drop as soon as the sweepstakes end.

xi. Point of Purchase Displays: Take the form of advertising signs. They can actually hold or display the product and are often located in high-traffic areas in a store, near the cash register or at the end of an aisle to

maximize the possibility of capturing consumer's attention. They are very effective in increasing product visibility and in generating impulse sales.

xii. Game: It presents consumers with something bingo numbers, missing letters, every time they buy, which may or may not help them to win a prize.

xiii. Tie-in and Novelty: A sample or another promotion for one product with the purchase of another and a claim that the offer is limited in supply.

6. Data analysis and interpretation:

Table 1 Respondents general information

General information *R e s p o n d e n t s T o t a l (%)*

		Male				Female					
		%		%		%		%			
A . A g e :	B e l o w 2 5	2	3	1	8	2	6	2	1	4	9 (3 9)
	2 0 t o 4 0 y e a r s	2	6	2	1	3	7	3	0	6	3 (5 0)
	4 0 t o 6 0 y e a r s	1	1		9		-		-	1	1 (9)
	A b o v e 6 0	0	1	1	0	1	1	1	0	2 (2)	
	T o t a l	6	1		6	4				12	5 (100)

B. Educational qualifications:

R e s p o n d e n t s P e r c e n t a g e (%)

a . U p t o S S L C	0	9	8
b . S S L C t o P U C	4	2	3
c. UG to Postgraduate	3	2	2
d. Professional/Others	3	0	2
T o t a l	1	1	2
		5	1
		0	0

C. Occupation:

	R e s p o n d e n t s		P e r c e n t a g e	
a. E m p l o y m e r	4	6	3	7
b. P r o f e s s i o	2	7	2	2
c. B u s i n e s s m e	2	4	1	9
d. O t h e r	2	8	2	2
T o t a l	1	2	5	1
			0	0

D. Annual income

	R e s p o n d e n t s		P e r c e n t a g e	
a. U p t o 5 0 , 0 0	3	7	3	0
b. R s 50,000 to 1,00,00	2	2	1	8
c. R s1,00,000 to 3,00,00	4	3	3	4
d. R s 3,00,000 and above	2	3	1	8
T o t a l	1	2	5	1
			0	0

Source: Field Survey, 2015

A) Age and Gender:

From the above table emphasize that demographic profile of respondents which consist of age, education qualification, occupations and their annual income during the study. The study found that 61 of respondents were male and 64 were female respondents' visits to retail shops. There are 4 age segmentations among that 18% and 21% respondents of male and female were below 25 years old, 21% and 30% male and female respondents in between 20-40 years and only 9% male respondents were in between 40 to 60 years.

B) Education qualification: 8% respondents has studied up to SSLC, 33 % the respondents are qualified PCU, 25% of the respondents were UG to Postgraduate graduates, and 24% of the respondents were professional and others.

C) Occupation:

The occupation of the respondents is 37% of the respondents were employees, 22% of the respondents are in Profession, 19% of the respondents are Businessmen, and 22% of the respondents are other occupation

D) Annual income:

The table shows that the 30% respondents' monthly income up to Rs. 50,000, 18% respondents' income in between Rs. 50,000 to Rs. 1 lakhs, the majority i.e., 34% of respondents falls under the category of Rs. 1

lakhs to Rs. 3 lakhs and 18% respondents' monthly income were Rs. 3 lakhs and above group. Therefore, middle level income group people are frequently moving to the retail outlets.

Table 2 Visit of customers to selected organized retail outlets in Vijayapur City.

a. Name of the Retail shops	Frequency	%	b . N a t u r e o f V i s i t	Frequency	%
a) K a l p a t a r u s h o p	2	5	a) Regularly (Once in a week)	4	1
b) B i g b a z a a r	1	9	b) Occasionally (once a quarter)	3	6
c) S u p e r b a z a a r	2	8	c) Seasonally (Festivals, winter etc)	3	2
d) S i d d e s h w a r s h o p	4	3	d) R a r e l y	1	6
e) Siddeshwar Super Market	1	0			
T o t a l	1	2	T o t a l	1	2
	5	100		5	100

Source: Field Survey, 2015

From the above table(a) inferred that the most of the respondents visited organized retail outlets in Vijayapur city. It has been indicated that the 20% of respondents visited the Kalpataru Super Bazaar, 15% of respondents' preferred the Bada bazaar, 22% of respondents were visited Super bazaar, and 35% of respondents were visited SiddeshwarSuper bazaar for shopping. This study was found that the most of the respondents had been visited Shiddeshwar Shop in Vijayapur because of services which has been offered by the retail outlet.

By analyzing the above table (b) had cleared that the 33% of respondents visit retail outlet once in a week, 29% of the respondents visits quarterly, 26% of the respondents visit seasonally, and 12% of the respondents visit

rarely to the selected retail shops in Vijayapur. Thus, it has been cleared that the most of the respondents visited organized retail outlets in once a week and quarter basis.

Table 3 Basis of Shopping at organized retail shops and their spending behavior in a visit.

a. Key factor	Frequency	%	b. Amount of money spend	Frequency	%
a) Convenience	3	93	a) Rs.500 - Rs.1000	4	33
b) Better choice & price	4	13	b) Rs.1000 - Rs.1500	1	9
c) Good customer services	3	02	c) Rs.1500 - Rs. 2000	3	93
d) Excellent brand name	1	51	d) Rs.2000 and above	2	41
T o t a l	11	251	T o t a l	11	251

Source: Field Survey, 2015

The above table 3 (a) expressed that the most of the respondents visit to organized retail outlets on the bases of vital factors such as convenience at 39%, better choice & price of products at 33%, Good customer services at 24% and on excellent brand name at 15%. Henceforth, most of the respondents visit organized retail shops for better choice & price and good customer services offered by shops.

Second part of the table 3(b) emphasizes that the 34% most of the respondents had spent money of Rs. 500 to 1000, then 15% of the respondents have spent money from Rs. 1000 to Rs. 1500 in a visit, 32% of the respondents may spend money of Rs. 1500 to Rs. 2000 and 19% of the respondents was spent money of Rs. 2000 and above in a visit. Hence, the study was found that most of the respondents who have visit retail outlets may spent money in between Rs. 500 to Rs. 1000.

Table 4 Buying behaviors of consumers towards the branded products and brand loyalty.

1. Buying decision	Frequency	Percentage
1. Yes	8	66
2. No	4	33
T o t a l	12	100
2. Loyalty status	Frequency	Percentage
a) Hard-core loyal	4	33
b) Split loyal	3	25
c) Shifting loyal	3	25
d) Switchers	1	8
T o t a l	11	91

Source: Field Survey, 2015

From the above table 4 (1) inferred that 66% of the respondents visit to buy the branded products, and 34% of the respondents visit to

buy various branded products in this retail shops. Therefore, it is cleared that the majority

of respondents prefer branded products as compared unbranded goods.

Table 4 and part 2 inferred that the customers' loyalty towards brand, 36% of the respondents are based on hard-core loyalty, 30% of the respondents depends on split loyalty, then

26% of the respondents preferred products on shifting loyalty and finally, 8% of the respondents buy products on switchers loyalty. Henceforward, the study was found that more respondents opt products based the shifting loyalty and split loyalty status.

Table 5 Promotion strategies offers are attractive and induce me to make purchase.

Promotion strategies offers attracts customers	S	A	%	A	%	N	%	DA	%	SDA	%	Total	%									
1. Price-Off / Discount	4	5	3	6	4	2	3	4	9	7	1	4	1	5	1	2	125	100				
2. Price coupons	2	6	2	1	2	7	2	2	1	5	1	2	4	3	3	4	2	1	7	125	100	
3 Free sample	3	5	2	8	3	9	3	1	2	2	1	8	1	4	1	1	5	1	2	125	100	
4. Gifts & compliments	1	9	1	5	3	4	2	7	1	2	1	0	2	7	2	2	3	3	2	6	125	100
5. Lucky draw	1	0	8	1	5	1	2	1	6	1	3	3	2	2	6	5	2	4	2	125	100	
6. Buy one get one offer	1	9	1	5	4	3	3	4	3	9	3	1	1	4	1	1	0	8		125	100	

Source: Field Survey, 2015; (SA- Strongly Agree, A-Agree, N-Neutral, D-Disagree and SDA-Strongly disagree):

As per the above table 5 explained that the sales promotion strategies induce them to buy quality products through some strategies which are helps in retail outlets. The research highlighted that 36% of the respondents prefer a discount/price offers and least respondents are disagreed, 43% of the respondents were disagreed with the price coupons strategies, 31% of the respondents go for free samples

offered by the companies. Respondents are less interested in the gifts and compliments strategies, 42% of the respondents strongly disagree with lucky draw strategy in the retail shops. 34% of the respondents were agreeing with strategies offered by the retail shops. Therefore, respondents are more dynamics in the practice of sales promotional strategies being adapted by the retail shops.

Table 6 Often search for more amount of information source about product

I n f o r m a t i o n s o u r c e	F r e q u e n c y		P e r c e n t	
a) P e r s o n a l i n f o r m a t i o n	4	6	3	7
b) C o m m e r c i a l i n f o r m a t i o n	3	8	3	0
c) P u b l i c i n f o r m a t i o n	1	3	1	0
d) E x p e r i m e n t a l i n f o r m a t i o n	2	8	2	3
T o t a l	1	2	5	1 0 0

Source: Field Survey, 2015

The above table shows that the sources of information relevant to a product or service have been collected by the respondents before entering into retail shops. 37% of the respondents were collected information about retail shops through personally, 30% of respondents collect by commercial

information sources, 10% of respondents were collected through public information and 23% of respondents were collected from experimental source. Thus most of respondents collected relevant information through commercial and personal source.

Table 7 Personal demographic, Social groups and economic variables influence on retail market.

a. Personal demographic	Frequency	%	b. Social groups of exert influence on retail market	Frequency	%	c. Economic scale Variables	Frequency	%
a) A g e	2	6	a) Intimate groups (family, friends, peers)	5	3	a) Promotional attraction	3	4
b) Lifestyle	4	5	b) Secondary group (occupation, place)	3	4	b) D i s p l a y	2	5
c) Occupation	2	5	c) The large social class (Income)	3	8	c) In store ambience	3	5
d) I n c o m e	2	9				d) Availability & Responsiveness	3	1
T o t a l	1	2	T o t a l	1	2	T o t a l	1	2
	5	100		5	100		5	100

Source: Field Survey, 2015

From the above table 7 (a) inferred that the respondents use personal demographic style such as 21% of respondents based on their age, 36% of the respondents influenced by lifestyle, 20% of the respondents based on occupation and 20% of respondents based on income factors. Therefore, most of the respondents are based on life style and age based demographic factors effect on the retail shops.

From the above table 7 (b) encompasses that the number of respondents influenced by various factors such as 42% of respondents are influenced by social intimate groups, 27% of the respondents influenced by secondary group and 31% of the respondents influenced by the large social class groups. Therefore,

majority of respondents influenced by intimate groups and the large social class groups.

The above table 7 (c) cleared that the economic scale variables effect on buying behavior of respondents in retail shop. 27% of the respondents were influenced by promotional attraction, 20% of the respondents were motivated by displayed pamphlets and brochures, 28% of the respondents were stimulated by the store ambience and 25 % of the respondents were motivated by availability and responsiveness of the retail shops. Therefore, most of the respondents get more effect by the store ambience and display.

Table 8 Motives to buy a product and Sales promotion through self-service in retail shops.

a) Buying motives	Frequency	%	b) Sales Promotion through self service	Frequency	%
a) Product motives	7	96.3	a) Electric cash card	3	73.0
b) Patronage motives	7	6	b) Shopping advantage card	2	62.1
c) Operational product motives	9	7	c) Store credit card	1	41.1
d) Socio-psychological Product motives	3	32.6	d) Easy installment payment	1	41.1
			e) Bulk purchase price (BPP)	5	4
			f) Hard cash	2	92.3
T o t a l	11	25100	T o t a l	11	25100

Source: Field Survey, 2015

The above table 8(a) encompasses that the most of the respondents motivated by various strategic motives such as 63% of the respondents were stimulated by products, 6% of the respondents affected by a patronage motives, 7% of the respondents were an operational motives and 26% of the respondents were influenced by the socio-psychological motives. Hence, majority of the respondents were stimulated by the product motives in retail shops.

Table 8 (b) explained that the sales promotion offered through self-service in retail shops. 30% of the respondents were used electric cash card, 21% of the respondents had been used shopping advantage card, 11% of the respondents were used store credit card and easy installment payment each, 4% of the respondents has been used bulk purchase

price and finally 23% of the respondents have been used hard cash for the payment in retail shops. Henceforth, majority of the respondents have been used electric cash card and hard cash payment method.

7. Findings:

1. The study was found that the most of the respondents (35%) had been visited to Shiddeshwar Shop in Vijayapur city because of service being offered by the retail outlet.

2. The study was found that the most of the respondents (33%) visited to selected organized retail outlets in a week.

3. 33% of the respondents visited organized retail shops based on their convenience based on economic choice in price and good customer services offered by shops.

4. The study was found that based on the survey majority of the respondents (34%) who have visited retail outlets might be spent money in between Rs. 500 to Rs. 1000.

5. The study was found that the majority of the respondents (66%) visited to buy the branded products and 34% of the respondents visit to buy other branded products in the selected retail shops.

8. 37% of the respondents had been collected relevant information to a retail shops before entering into retail shops through commercial and personal source.

9. 36% of the respondents influenced by life style and age based demographic factors effect on the retail shops.

10. The economic variables effect on buying behavior of the respondents while buying products/services in retail outlets such as 27% of the respondents were influenced by promotional attraction and 28% of the respondents were stimulated by the store ambience.

11. The majority of the respondents have been used electric cash card and hard cash payment method in the retail outlets i.e., 30% and 23% respectively.

6. The study was found that the majority of the respondents (36%) opt products based a hard-core loyalty and split loyalty status.

7. The research highlighted that the respondents (36%) prefer a discount/price offers, 43% of the respondents were disagreed with the price coupons strategies which has been used by the retail shops and 31% of the respondents were chosen a sample offers being adapted by the retail shops.

8. Suggestion:

- The selected retail outlets should be provide home delivery services to their customers and should be kept more branded products categories.
- Retail shops should make different counters for different mode of payment like a cash counter, debit and credit card payment counter should be placed differently in order to reduce the rush and save the customer's time.
- The selected retail outlets required to improve in their sales promotion strategies which are being used in enhancement of volume of profitability.
- Selected retail shops would develop new strategies to keep regular visit and

more happy towards service offered by the shops.

- The retail outlets get greater benefits by making a small investment in computer, software to increase speed, cost control and effectiveness in competing with organized retailers.
- Organized retailers should educate common public through appropriate sales promotional strategies with small savings at one roof instead of moving different places and by different commodities.

9. Conclusion:

The organized retail outlets are become a very vital and most desirable business field in this 21st century and it has better future in the retail industry. The retail shops should adopt continues efforts to satisfy and fulfill all the needs of the customers. This organized retail outlets is very helpful in today's world,

because those shops had been incorporated at near to convenient time and costs. Most of the organized retail shops provide quality services to the customer to attract, satisfy the customers and grab the market share.

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**AN ANALYTICAL STUDY OF IMPORTANCE OF SEO FOR REAL ESTATE WEBSITES
FOR NAGPUR BASED REAL ESTATE OWNERS**

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Abstract

The purpose of this study is to know the significance of search engine optimization for Nagpur based Real Estate companies. There are many marketing strategies of real estate like Advertising (through TV, radio, newspaper etc.), direct marketing (by sales persons), Telemarketing, Direct selling and Net marketing. With the growing use of internet for shopping and information, Search Engine Optimization is a key to any successful internet marketing strategy. The current state of real estate market demands the extensive use of use of digital marketing. There are several ways in which SEO can benefit internet marketing strategies. Study focuses on SEO on real estate websites of Nagpur and its awareness and benefit for the owners.

Keywords: Real Estate Websites, Nagpur, Internet Marketing SEO

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[A] Introduction

Nagpur is an important trade and business center of Maharashtra. The city has registered demands in retail, business, offices and industrial property listings forcing the commercial properties builders in Nagpur to develop mass construction projects at par with the contemporary construction standards in the industry. The demands of the market are well narrated by the property dealers in Nagpur as they directly deal with the buyers.

Nagpur is developing at a tremendous pace and so are the property prices in the city. The housing companies in Nagpur bring effective home loan solutions along with the housing projects as they have been tied-up with the leading banks and home finance companies in Nagpur.

Real Estate in Nagpur: It is a sprawling hub for medium to heavy industry and the IT, ITES and the BPO sector. Real estate in Nagpur is pulsating with brisk buying and construction activity, surpassing all projections by real estate analysts. The buoyancy has come in the wake of the Multimodal International Hub and Airport in Nagpur (MIHAN) project, and has sent property rates in Nagpur. Nagpur has the

latent become India's fastest growing cosmopolitan city and probably a world city once the MIHAN project is complete.

Internet as a whole had become a huge marketplace for millions of products and services. With the high pacing growth of the internet, many new real estate organizations are using the latest technologies for increasing their revenues. Many real estate companies are using internet marketing by hosting their websites on an internet server to attract national and international customers and giving the information about their plans, strategies and other services provided for the ease of customers. Marketing on the internet is an easy task, but to reap the benefits of internet based marketing additional efforts are required. This may be in the form of developing easy to use websites (user friendly) with comprehensive information about the company and its products or maintaining and upgrading the website regularly or optimize the site to be ranked in the top listings of the search engines. The most important and widely implemented tool is "Search Engine Optimization (SEO)".

Search Engine Optimization (SEO): SEO a subset of search engine marketing

is the process of improving the volume and quality of traffic to a web site from search engines via "natural" ("organic" or "algorithmic") search results. This field of marketing online never rests; much like any competition. Search Engine Optimization will provide the website a higher profile in the world of search engines. By taking advantage of optimization techniques, more searchers will gain faster access to the particular website. If the website has something worthwhile to offer in the world of e-commerce, then a strategy should be employed immediately. Studies have shown that most search engine users don't click past the first three pages of search results; many don't even click past the first page if they find what they're looking for.

[B] Literature Review

1. "The exploration of internet marketing strategy by search engine optimization: A critical review and comparison", Chen-Yuan Chen, Bih-Yaw Shih, Zih-Siang Chen and Tsung-Hao Chen

The article tried to build up the conceptual framework instead of any statistical framework. It explained the concepts like

SEO (Search Engine Optimization), PPC (Pay Per Click) their comparison on several aspects. SEO (search engine optimization) techniques have become one important technique for improving website ranking. Meanwhile, social networking sites are getting more and more popular. Using keywords effectively can secure a higher ranking website, and increase site traffic and popularity. In this paper, knowing how to implement the web site SEO actions effectively and use the power of the internet community to enhance the site's visibility and exposure can help the internet business marketing. Using the SEO, supported by social networking sites, can contribute to the overall site traffic and improve interaction with customers.

2. "Optimal Search Engine Marketing Strategy", Ravi Sen

Most online sellers, do not invest in Search Engine Optimization (SEO) to get higher search-results rankings for their listings, but instead prefer paid placements. This implies that sellers would invest in SEO if it was less expensive and its rankings were more consistent. However, even if SEO and paid placement cost the same, and SEO always produced high rankings, paid placement would still be the Search

Engine Marketing (SEM) strategy of choice for most online sellers. Interestingly, no optimal SEM strategy includes SEO. These findings are especially significant for advertising professionals who have to justify investing in paid placements despite overwhelming evidence that buyers ignore them and follow the links in the editorial section of the search-results page.

On-line searching is an integral activity of most on-line buyers, and search engines are the most popular tools for this purpose. As a result, search listings have become a non-invasive, “pull marketing” strategy that works in the background. Sellers are keen to advertise and promote themselves on search engines. Initial attempts like banner ads, pop-ups, and e-mail marketing promotions use a frustrating push marketing strategy that interrupts the user’s self-directed search.

[C] Objectives of Study & Research Methodology:

- To identify the best way to advertise on net i.e. through the independent site or through the portal.
- To analyze the perception of promoters on the use of websites and it's effectively as a tool for marketing.
- To analyze whether the websites are really helpful in generating sales.
- To analyze the perception of promoters on the use of websites and it's effectively as a tool for marketing.
- To know whether the web developers and companies are aware about SEO.

Hypothesis

Ho1: SEO implementation has a significant impact on the website traffic.

Ho2: SEO is being carried on consistently on real estate sites.

Ho3:Independent sites are preferred over portals in real estate companies in Nagpur

Sampling Frame

The method of sampling adopted is judgmental sampling. The sample constitutes 20 Real Estate Company Owners The questionnaire was framed and distributed among 20 real estate owners in different areas of Nagpur. Data from real estate owners were collected by researcher personally. The researcher has experienced

diverse views about real estate business and their strategies to achieve the desired target.

[D] Data Analysis and Observations:

Data was analyzed and interpreted using the tools like MS Excel and SPSS version 20.0.

Following are the observations and findings from data:

1. Among all marketing strategy most popular is the website and then mouth to mouth publicity from existing customers. Paper advertisement was the 3rd popular marketing strategy. Least popular were business directory and cable advertisements. In between the most popular and least popular the strategies which were used by respondents were radio advertisements, mobile advertisements, business magazine and marketing agents.
2. Number of customers approached through website range mostly from 10 to 30 per year. This is lower turnout. Only 30% websites were effective clocking more than 50 prospects per year.
3. 60% of the respondents are using internet marketing for more than five years.
4. Search engine optimization (SEO) is now a day's necessary for a website to remain in top listing when related keywords are searched. Research showed that 60% respondents are aware about SEO by website developer or internet or friends, TV/radio etc. There were 40% respondents who came to know about SEO only after questioning from researchers. This depicts lower penetration of SEO concept amongst users.
5. 80% of the respondents were having independent websites as well as presence on different portals. The most popular portal was found to be 99acre.com. Only 4 respondents were having independent websites only.
6. Only 45% of the respondents were keen to advertise on web portals. This is because they are able to get lesser prospects as compared to individual websites. Worthy to note that 20% respondents were getting more enquiries through portals rather than websites.

7. Almost 100% of the respondents agreed that the website increases their business.
8. Many companies advertise both online and in print media to diversify their promotional mix. Among 20 respondents, 9 respondents disagreed that internet advertisement is more effective than print media advertisement. Advertising in the local newspaper or other local publication they can reach local customers that are actually the vicinity while 6 respondents were neutral about it. But 5 respondents strongly agreed that internet advertisement is more effective than print media advertisement.
9. More than 80% of the respondents were in favour of website advertisement and said that the internet marketing is cheaper than paper advertisement.
10. The studies showed that almost 100% of respondents were agreeing that their customer find it easier to surf their websites to know about their projects. As information from the internet can be very useful, easy to access at anytime from anywhere and updated more frequently.
11. It was found that among 20 respondents only 8 respondents got visitors converted into final customers for rest it generated only calls but no conversions.
12. Most of the respondents had increased their business after choosing the website as an internet marketing tool. Only 3 respondents were not getting any benefit from website. The reason could be their websites were not visible to users.
13. The study shows that many respondents are either doing SEO or done SEO on their websites. They may be having dedicated employee for SEO or outsourced it. Some respondents had given AMC to web development/ SEO Company. 12 real estate owners were doing SEO on their website. The 8 which was not doing SEO, reason could be they did not have budget to spend on SEO as it is costly.
14. Study showed that 17 respondents were getting queries from NRIs.

Variables Entered/Removed						
Model		Variables Entered		Variables Removed		Method
1		SEOeffort, SEOscore		.		Enter
a. Dependent Variable: globalRank						
b. All requested variables entered.						
Model Summary						
Model		R	R Square	Adjusted R Square		Std. Error of the Estimate
1		.260a	.068	-.056		6283804.77193
a. Predictors: (Constant), SEOeffort, SEOscore						
Coefficients a						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	9756015.145	6453457.655		1.512	.151
	SEOscores	-45439.601	207372.303	-.055	-.219	.830
	SEOeffort	-.263	.252	-.263	-1.042	.314
a. Dependent Variable: globalRank						

Looking at the value of R-Square and the P values, we consider that the global rank does not depend on the listings in horizontal portals and On-Page optimization. Only 7% of the impact is explained rest of the impact on dependent variable remains unexplained. This give the justification that the real estate business is not considering this media as a fruitful media may be because of the lower awareness and usage of internet in the region and lower realization of the power of internet amongst real estate owners.

Ho2: SEO is being carried on consistently on real estate sites.

From primary and secondary data analysis it was found that people were aware about SEO but they were not taking it seriously. Most of the websites under study have done good On-Page Thus we cannot accept the null hypothesis Ho2.

SEO. This shows that they were aware about SEO but as website ranking is going down this shows that the SEO is not being carried on real estate websites. It has been found that SEO is being carried consistently on a few sites like mahindr Lifespaces.com, pioneerhomesonline.com, phoenixinfra.com, sandeepdwellers.com etc. It is also found that some websites has done good On-Page SEO but they were completely lacking in Off-Page SEO and keyword optimization. Hence not appearing on first pages of search engine results. It was also found that some websites have not done SEO at all. Some website had done good Keyword optimization like sandeepdwellers.com and empyreannagpur.com. Two websites were not implemented SEO at all namely sadoday.com and kedareshwar.com.

Ho3: Independent sites are preferred over portals in real estate companies at Nagpur.

T-TestOne-Sample Statistics						
	N	Mean	Std. Deviation	Std. Error Mean		
VAR00002	20	5.7500	1.77334	.39653		
One-Sample Test						
	Test Value = 6					
	T	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper

VAR00002	- .630	19	.536	-.25000	-1.0799	.5799
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The hypothesis that mean value=6 is rejected. The careful investigation of Mean reveals that the calculated mean is less than 6 i.e. 5.75. This means that majority of the respondents disagree on the view that advertising in web portals is beneficial over independent website. However it is observed in reality that most of the respondents have listings on web portals. For example 14 out of 20 websites have listing on the web portals. In nutshell we cannot accept the null hypothesis Ho1 and conclude that either (1.) Real estate owners don't prefer web portals or (2.) real estate owners don't believe in web based marketing.

It was found that Independent websites were preferred then advertising on portals because most of the real estate owners showed their preference for individual websites. It has been found that some of them want to show their presence on portals continuously but some of them advertise on portals occasionally. Some did not advertise at all on portals. Many real estate owners also advertise on more than one portal.

Customers were also preferred to visit independent sites than portals.

[F] Findings:

- The data analysis suggests that real estate companies get good business after launching helped the real estate companies to get leads for their business as customers visit their websites and fill contact information. Also it becomes a ready source for directly contacting potential and prospect customers which turn into real customers. Customer's visit the queries tab and ask for their queries which is also a major source for real estate companies. Most of the respondents agreed that outstation customers get information of properties through website only. So, overall it can be said that websites are helpful in generating the sales.
- This can be said that website is helpful in increasing their businesses. Customers from out

of India also enquired about their projects through websites. This also shows that these websites appear on first three pages when related keywords were searched. Only 3 respondents were not getting enquiries from NRIs. The reason could be they were not having interesting projects in which NRIs could invest or their website was not visible to the NRIs ,as they were not implemented the SEO on website ,and sit back in SERPs.

- It was found that most of the respondent wanted to have their independent website but they want to advertise on portals as well. When Real estate owners were probed on this, some of them said that they advertise on portals occasionally and few said rarely. But real estate owners said that they got more enquiries from independent website compared to portals. But researcher found that at least 14 real estate owners were listed on 1 or more than 1 portals .It was also observed that these all 14

real estate companies were listed on 99acre.com.

- It was found that most of the companies have separate website development and SEO team. SEO team is continuously involved in optimizing website they have developed. It can be said that all the web developers and SEO experts are aware of SEO concept very well. As it is need of the today's internet marketing that website should be listed in first page of Search Engine Results Page (SERP) so that visitors could reach to the offerings of the companies through website. That's why SEO developers are using different optimization techniques suitable to different websites accordingly to get high ranking in SERP.
- It was found that all promoters find websites economical and an efficient marketing tool. According to them website launching helps in their brand building, project awareness, increase in sales and

approachable to outstation customers.

- Pay-per-click advertising is a method of advertising in which advertisers pay for each ad clicked, usually via an advertising platform such as Google Ad Words. Pay per click advertisers bid on specific keywords in order to have their ads appear. Researcher has found that among 19 respondents only 2 were in favour of PPC advertising .
- Many website owners prefer to have an account on Face book and YouTube .Because today's generation is frequent user of Face book and YouTube and other social networking sites.

[G] Suggestions:

- Real estate owners must optimize their website. But before that they must conceive the site. Conception means determining the site's purpose in specific terms. An optimized site can have more than one purpose, but those purposes should be tightly

related. Conception means also identifying your target audience.

- Real estate owners must obtain a deep knowledge of SEO through internet or by their web developer or SEO expert. They should know why they are using the website and what benefit they are getting from it, how the website is affecting their business in terms of more visitors, more traffic etc.
- They should have proper budget for SEO.
- They should discuss the whole SEO scenario of their websites with their web developer or SEO expert, whoever is taking care of SEO of their website.
- They should take care of good design of their website because it should attract visitors and must be user friendly. Well organized pages are pages that Google tends to rank higher. They're also pages that tend to become more popular, which means Google will rank them even higher. Keep good design in mind as you go, and much of the SEO will design itself.

- They must keep records of their online visitors and customers and should immediately answer their queries.
- They must have their presence on social media site and should regularly update their status over there.
- They should provide regular updates on their company's projects and activities to their SEO expert so that they can update it on a website which will help the website to be top ranked in search listing.
- Every marketable entity should have social media website pages. If possible, a company should hold events and create an 'Event Page' for the occasion. This page should have a link to the regular website so that people can learn more about the event. This back-link to the main website will also increase its ranking.
- They should provide true and complete information about their company and projects so that it can be uploaded to the website and no web page can display the error or sorry message, it

increases the bounce rate and visitors may be disappointed.

- They should also show their presence on portals. As portals are more popular than individual sites and has high page rank, and giving back links from the portal to the website will raise the authority of your site.
- They should provide their company listing on property portals and give back links to own site which helps in high ranking as portals site have high page rank.

[H] Limitations of study:

- The geographic locations of respondents were too wide but the researcher only collected data from Nagpur within 10 km radius.
- Since the data collected via questionnaire is through the respondents, the bias of the respondents could not be eliminated.
- Most of the respondents were not very keen to respond for the reasons not known to the researcher. The responses given by them may not be consistent in reality as well

- Data collected from internet is assumed to be true and correct however cannot be verified for its correctness.
- The conclusion and recommendations are subject to the sample size. Although the random sampling was thought to be the sampling method but it was used in limited sense as the researcher could select samples based from the Nagpur city only. And the data was collected according to convenience sampling which may have some sampling error.

for availing benefit of implementing Search Engine Optimization on real estate websites.

[I] Conclusion:

Research conducted shows that there is very less awareness of SEO importance to the real estate owners. They actually do not know the exact benefit of the optimization for their websites. Only a few real estate owners are doing proper and regular SEO on their websites. Some of the owner's website developers are using one and the other techniques on the websites. They are not getting the benefit which actually they deserve. This may be because of less usage of internet by the decision makers for purchase of properties. This can be concluded that there is still a long way to go

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GREEN MARKETING MYOPIA; AN ANALYSIS OF CONSUMER PURCHASES INTENTIONS.

Dr. Tripti Sahu*

Dr. Nitin Ranjan**

Abstract:

Since its inception in the year 1975, green marketing has travelled several stages. People all over the world are becoming environment conscious. Consumers now started displaying concern about environmental deterioration, which is the major impetus for green products and green marketing. Though, green is a relative term and differs from person to person.

Researches done in the field of green marketing by and large focus on the consumer attitude towards the so called “green products”, but no attempt has been made to find out the role of green marketing myopia in creating consumer interest in green products. Green marketing myopia can be a situation where more emphasis is given to the eco friendliness of the product rather than its utility and features. This paper tried to understand consumer concerns at the time of buying products, their purchase intentions about green products, the parameters they consider for buying green and finding the important factors which marketers should keep in mind while doing green advertising.

The data was collected by circulating an online questionnaire from people across India. Data was analysed with ANOVA. From the study we were able to see that the majority believes the companies leverage on green marketing but awareness about green products is less. Factors like price, availability, and brand name are considered by a consumer before buying green products. The consumers feel that they are overpaying for products.

It was conclude that consumers are interested in products not because it saves ecology but they are first concern about their requirement from the products.

Key Words: *green products, green marketing myopia, consumer purchase intentions*

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INTRODUCTION:

Green marketing is the marketing of products that are presumed to be environmentally safe. The environment friendly tag marketers are using to lure their customers. But many a times marketers forget that, in order to be successful, green marketing must fulfill two objectives: improved environmental quality (ie. The product has not harm the environment at any stage of its manufacturing and sales) and customer satisfaction. Misjudging either or overemphasizing the former at the expense of the latter can be defined as green marketing myopia.

The marketing experts have long argued that innovation must go hand in hand with genuine understanding of the customer requirements and should keep a close look at green consumer behavior. Over time reveals that green products must be positioned on a consumer value sought by targeted consumers.

This paper therefore attempts to fill the gap by investigating the green buying behaviors of consumers of in Pune area and finding the important factors which marketers should keep in mind while doing green advertising. This paper will provide marketers a new insight to understand the market for eco friendly products.

Objectives:

1. To understand consumer concerns at the time of buying products
2. To find out purchase intentions of consumers about green products
3. To list the parameters consumer consider at the time of buying green products
4. To find out important factors which marketers should keep in mind while doing green advertising?

To fulfill the above mentioned objectives, the following hypotheses were formulated

H1. Green Purchase intention of the respondents will increase with increased perceived effectiveness of product's environmental performance

H2. Consumers will respond positively by making purchase to environmental claims made for green brands

H3: Consumer purchase behavior towards green product will get impacted by product's price

H4: Consumer purchase behavior towards green product will get impacted by product's availability.

H5: Consumer purchase behavior towards green product will get impacted by product's brand name.

Research Methodology: To collect the relevant data, an internet based survey was conducted, random and convenient sampling technique was used for data

collection. Questionnaire containing questions regarding consumer intention behind purchasing green products were designed. Special attempt was made to capture respondent's perception on different variables like product features like price, availability, convenience.

Information on the parameters considered before buying was collected. The questionnaire was created on Google docs and was distributed among the internet users in Pune through e-mails and online portals. At the end of the survey, 74 responses were obtained 4.05% were rejected on the bases of incomplete information, total 71 fully filled questionnaire were considered for the study.

A One-Way Analysis of Variance (ANOVA) is a way to test the equality of

three or more means at one time by using variances. By applying the ANOVA test of one sample, we could compare between the different features which people consider for buying. This could help us in distinguishing the features that are more significant in influencing the consumers. To use this test, we need to make three assumptions, the first one is that the populations follow the normal distribution, secondly the populations have equal standard deviations and lastly the populations are independent.

To find out the price as an influencing factor in making a purchase decision by the consumer for buying green products, ANOVA test was employed, where price is an independent variable, were as purchase is a dependent variable

Table 1
ANOVA
Purchase intention of the respondents and perceived effectiveness of product's environmental performance

Variable	No. of samples	Mean	F-value	P-value
Respondents	71	2.26	3.748	.032

From the results it is infer that Purchase intention of respondents does not get influenced by the perceived effectiveness of product's environmental performance

Green Purchase intention of the respondents does not get increase with

increased perceived effectiveness of product's environmental performance, thus 1st hypothesis rejected.

Table 2
ANOVA
environmental claims made for green brands and consumer purchase decision

Variable	No. of samples	Mean	F-value	P-value
Respondents	71	2.26	4.543	.035

From the results it is infer that environmental claims made for green brands do not impact the purchase decision of consumer. Consumers will does not

always respond positively by making purchase to environmental claims made for green brands. Hence 2nd hypothesis also got rejected.

Table 3
ANOVA
price as a factor while purchasing Green products

Variable	No. of samples	Mean	F-value	P-value
Respondents	71	2.26	4.738	.032

From the results it is infer that price does not play a deciding role in making a purchase decision for a green product. Consumer purchase behavior towards green product will not get impacted by product's price, 3rd hypothesis also got rejected.

To find out the availability of the product, as an influencing factor in making a purchase decision by the consumer for buying green products, ANOVA test was employed, where availability of product is an independent variable, were as purchase is a dependent variable

Table 4 **ANOVA**
Availability as a factor while purchasing Green products

Variable	No. of samples	Mean	F-value	P-value
Respondents	71	2.27	3.482	.032

To find out the Brand name as an influencing factor in making a purchase decision by the

consumer for buying green products, ANOVA test was employed, where brand name is an independent variable, were as purchase is a dependent variable

Table 5

ANOVA

Brand name as a factor while purchasing Green products

Variable	No. of samples	Mean	F-value	P-value
Respondents	71	2.27	3.482	.033

Regarding brand name it shows that it does not have impact on choice which the consumer makes

while purchasing green product. Here brand name is also not considered by the consumer while buying the product. Hypothesis 5 also is rejected.

Findings and Discussion: very interesting findings have been arriving at in the analysis. The entire hypothesis being created got rejected in the test applied. Thus the consumer makes its purchase decision without considering the environmental claims made by the company. The brand name is also not important for consumer. The availability of the product is also not important for the consumer. And price (which is considered as a deciding variable in case of most of the product) is not very important for green consumers. But the question is if consumer is not looking for environmental claims made by the company and also not keen about the price and availability of the product then what is it that the consumer is looking for? May be the consumer himself is confused about its own purchase requirements who needed to be guided. Thus the marketers dealing in green products need to make strategies based on

other features not on the green claims so as to attract more and more customers towards green products.

Conclusion: Form the present study it can be concluded that the consumer makes its purchase decision randomly without thinking much about the product price features and environmental claims.

There is no doubt about the importance of environmentally safe products but at the same time consumers should be guided properly to take right decision while purchasing green products.

Scope for Further research: The research has considered only few factors for analysis there could be many more factors that could be held responsible for the purchase decisions so made by the consumers, like utility of the product to consumer or the innovativeness of the product. Thus further research can be conducted to find out other factors responsible for consumers purchase decision.

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A STUDY ON SINGLE AND MULTIPLE VENDOR SELECTION BY THE SMEs IN THE WESTERN DISTRICTS TAMILNADU

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Abstract

Supply chain management (SCM) is the oversight of materials, information, and finances as they move in a process from supplier to manufacturer to wholesaler to retailer to consumer. Inventory management process is the one which ensures the flow of material from vendor to manufacturer. The relationship between vendors and their clients explains the success of the business in the inventory management process. This study entitled, “A Study on Single and Multiple Vendor Selection by the SMEs in the Western Districts of Tamilnadu” presents the results of the research undertaken to compare the single vendor and multiple vendor selection of companies. Various statistical tools like Chi-Square test, ANOVA, have been used to establish relationship between single and multiple vendor selection. In this research a sample of 150 companies’ executives were questioned about the vendor selection factors and their approach. Major findings of the research are most of the organizations use multiple vendors rather than single vendors for their materials. And while using multiple vendor strategy the cost of the materials were reduced when compared with single vendor strategy. Though the cost differs for single and multiple vendor strategy the quality does not differ.

Key words: Vendor Selection, Vendor management, Single vendor, Multiple Vendor, Procurement Management

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Introduction

Supply chain management (SCM) involves flow of goods and services from the original point to the end consumer. It comprises of the movement and stock of raw materials, work-in-process inventory, and finished goods from the point of origin to the point of consumption. Connected or interlinked networks, distribution channels and nodal business centers are involved in the delivery of products and services required by end customers in a supply chain. Supply chain management has been defined as the "strategizing, forecasting and planning, performing, controlling, and maintenance of supply chain activities with the objective of creating value to the customer, building a competitive infrastructure for the organization, leveraging logistics available world over, synchronizing supply with demand and measuring performance and benchmarking globally.

A vendor is one of the major party in the supply chain that ensures the goods and services are made available to companies or consumers. The term vendor is stereotypically used to designate the entity that pay for the goods that are provided, rather than the manufacturer of the goods. A vendor, however, can function as both as the

supplier of goods (seller) and the manufacturer of the goods. Procurement is the act of obtaining or buying goods, services or works from a peripheral source, habitually via a tendering or bid process. It is favorable that the goods, services or works are suitable and that they are acquired at the best possible cost to meet the needs of the acquirer in terms of quality, quantity, time, and location. The practice includes preparation and processing of demand as well as the invoice generation, receipt of payment and approval of payment. The process of procurement is often part of a company's strategy because the ability to purchase certain materials will determine if operations will continue. A business will not be able to survive if its price of procurement is more than the profit it makes on selling the actual product.

Globalization of operations, lead to global purchasing and supplier development. This perspective indicates the importance of effective procurement and supply functions for organizational effectiveness and competitiveness. In addition, developments in IT/IS, such as enterprise resource planning (ERP) have a significant impact on procurement functions and supply chain management.

REVIEW OF LITERATURE

As the business world moves ever closer to a completely collaborative model and competitors upgrade their capabilities, to remain competitive, organizations must improve their own business practices and procedures. Companies must also increasingly share with their suppliers, distributors, and customers the critical in-house information they once aggressively protected. And functions within the company must upgrade their capability to generate and communicate timely and accurate information. This section briefs the techniques and impact of that techniques developed during the progression of vendor management.

Çağrı Haksöz and Ashay Kadam (2009) developed a supply portfolio risk assessment tool for raw material procurement in chance of contract breaches in the presence of demand risk and spot price risk. It's an operational hedging which reduces the risk of lack/excess of raw materials. This paper explains the financial impact of a contract breach by combining supply loss and spot price risk together with demand risk. It also exposes the supply risk and it has a future work of selecting optimal portfolio of suppliers. A model of portfolio

of vendors has developed rather than going for a single vendor using the Credit Risk framework.

Wan Lung Ng (2008) proposed a weighted linear program for selection of vendors on multiple criteria. Good suppliers only can make a successful supply chain. So, selection of those suppliers should be taken with care. Just selecting the vendors offering low costs would not be an efficient selection. This model considers other criteria like variety, quality and time taken to deliver, etc. Here the relative importance of the criterion has been considered as weight.

Ceyhan Araz and Irem Ozkarahan (2006) proposed a supplier evaluation and management methodology. This methodology assesses the suppliers' co-design capabilities and categorized them by their overall performances. Selection of wrong suppliers could deteriorate the financial and operational position of the supply chain. As companies are increasingly focusing on their core competencies, outsourcing activities are increasingly more. For the uninterrupted production process the suppliers have to cooperate. So, evaluation of suppliers is important to select the optimal portfolio of suppliers. In this paper,

a methodology is proposed for effective strategic sourcing and evaluating supplier involvement for product development. This methodology utilizes PROMETHEE to evaluate the performance of suppliers by their capabilities and performance metrics. A MCS based PROMETHEE is proposed to sort the suppliers based on their performance relations. The proposed methodology considers the strategic partnership and concurrent product development concepts to identify the supplier selection criteria. Fuzzy Set Theory (FST) effectively helps to model uncertainty and imprecision in supplier selection problems. So the further study may be based on the fuzzification of the PROMSORT so that it can deal with fuzzy input data.

MayukhChakraborty and Sukanta Chandra Swain conducted a study on vendor managed inventory (VMI) process in TATA steel, Jamshedpur and they came up with the advantages of VMI and the benefits to the TATA steel because of VMI. The main advantages with this system are reduced cost and improved services. Vendor Managed Inventory is the one in which the manufacturer is responsible for maintaining the distributor's inventory levels. A system of automatic data collection and analysis is

integral in making VMI the most efficient solution possible for buyers and sellers. VMI in TATA steel has been resulted in cycle time compression and reduced inventory and also the inventory holding cost has come down to Rs.28 crore from Rs.239 crore.

KhaiSheang Lee, Hean Tat Keh and Tuck Siong Chung (1999) proposed a game theoretic approach to examine the impact of economies of scale and specific knowledge on the choice of sourcing strategy, explicitly taking into account the small numbers interactions involving a buyer and two competing suppliers. This paper looks for choice between a single and a multiple purchasing strategy. The economies of scale and specific knowledge are having an opposing effect on sourcing strategies. A multiple source strategy is the dominant strategy in the long run when specific knowledge acquired by a supplier becomes substantial. Single source strategy is favored when efficiency gains due to economies of scale are large. In multiple source strategy, it is also optimal for a buyer to split the supply contract symmetrically across the suppliers, in order to appropriate all efficiency gains that result from the

acquisition of specific knowledge by its suppliers.

Purchasing has increasingly assumed a pivotal strategic role in supply-chain management. Yet, claims of the strategic role of purchasing have not been fully subjected to rigorous theoretical and empirical scrutiny. Extant research has remained largely anecdotal and theoretically under-developed. **Injazz J. Chena, Antony Paulraja and Augustine A. Lado (2004)** examined the links among strategic purchasing, supply management, and firm performance. They argue that strategic purchasing can engender sustainable competitive advantage by enabling firms to: (a) foster close working relationships with a limited number of suppliers; (b) promote open communication among supply-chain partners; and (c) develop long-term strategic relationship orientation to achieve mutual gains. Using structural equation modeling, this research empirically test a number of hypothesized relationships based on a sample of 221 United States manufacturing firms. This paper investigates the extent to which strategic purchasing fosters supply management capabilities, consisting of long-term orientation, limited number of suppliers, and communication. In turn, these

capabilities contribute to enhancing customer responsiveness and financial performance for the buying firm.

The importance of incorporating multi-dimensional information into vendor evaluation is well established in the literature. Over the years, several multi-criteria techniques have been proposed for effective evaluation and selection of vendors. However, these models have not considered performance variability measures in evaluating alternative vendors. It is critical for the buyer to derive and incorporate such type of measures into the evaluation process because it provides for a more accurate portrayal of vendor's performance. **SrinivasTalluri and Ram Narasimhan (2001)** proposed a max–min productivity based approach that derives vendor performance variability measures, which are then utilized in a nonparametric statistical technique in identifying vendor groups for effective selection to fill the research gap. The max–min approach for vendor selection presented in this paper allows for comprehensive evaluation of vendor performance by estimating both maximum and minimum efficiencies based on ideal targets set by the buyer. Another key element of this approach is that groups

of homogenous vendors can be identified, which provides the buyer with effective alternative choices in making the final selection. Thus, allowing the buyer to base the final decision on other intangible factors that could not be incorporated into the analysis. The model application is demonstrated through a previously reported dataset from a pharmaceutical company. The extension to this research may include the incorporation of buyer based relative preferences for the vendor attributes. This allows for more accurate evaluation and selection of vendors. The application of this method in a real world setting needs to be further investigated. Some of the potential issues that managers may encounter are selection of appropriate input and output factors, number of factors, incorporation of managerial preferences into the evaluation process, and identification of buyer targets. The decision on number of factors to include in the analysis is also critical because if they are significantly larger than the number of vendors being evaluated then the discriminatory power of the model may come into question.

RiikkaKaipia, HilleKorhonen and Helena Hartiala (2006) studied planning processes across the demand/supply network

to show that planning quality varies between the echelons in the network. Good planning quality at the end-customer level could not be maintained in upstream echelons, but it fluctuated from one supply chain party to another. The fluctuations in planning quality are due to planning nervousness. Planning nervousness comprises of varying planning processes, delays in information flow, multiple decision-making phases in the chain, long planning horizons or lack of planning processes. It was highlighted that there are many decision-making points and planning phases that increase distortion and fluctuation experienced by the parties in the network. The mode of operation in the demand/supply network was found to be very reactive. Capacity utilization targets are high and this ends up in large changes in plans at the last moment. These changes cause demand fluctuation in supplier operations in addition to end customer demand changes. The connection between planning nervousness and the bullwhip was investigated in detail through a VMI model. It became clear that planning nervousness causes bullwhip, as the changes in demand were amplified in the information sharing process used in VMI. To improve the quality of planning and to eliminate nervousness the planning process has to be stabilized and

simplified, the communication practices should be developed with suppliers and stabilize the production quantities through reacting only for remarkable changes rather than changing targets continuously.

N. Ramkumar et al (2012) proposed a Mixed Integer Linear Program (MILP) for the Multi-Commodity, Multi-Depot Inventory Routing Problem (MCMDIRP). Multi-Commodity, Multi-Depot Inventory Routing Problem (MCMDIRP) is relevant to vendors who have to make decisions about timing of delivery, size of shipment and routing for multiple commodities from multiple manufacturing plants to warehouses in a Vendor Managed Inventory (VMI) scenario. The practice of Supply Chain Management has shifted the responsibility for inventory control to the vendors, leading to the concept of Vendor Managed Inventory (VMI). This study considers multiple commodities and multiple sources in a two echelon supply chain network, with a provision for buffer stocks at warehouses. By applying this model the total cost of transportation and inventory is found to be 7.06 % less than the present total cost.

The current economy demands companies to find new ways to grow and increase shareholder value. Companies that are not developing or finding competitive advantages are eventually being pushed out of the global competitive environment. One of the ways to gain an edge over the competition is to reduce inventory without negatively impacting operating costs or customer service. **Marco A. Gutierrez and J. Rene Villalobos** developed a model for calculating replenishment quantities. Problems such as incentives to deviate from optimal inventory levels and imbalanced savings are addressed. The ordering quantities from one plant to another have been calculated based on their demand forecasts, safety stock levels, and a fixed ordering frequency.

Supplier evaluations, one type of supplier development program (SDP), are an attempt to meet current and future business needs by improving supplier performance and capabilities. In this research **Carol Prahinski and W.C. Benton (2003)** determined how suppliers perceive the buying firm's supplier evaluation communication process and its impact on suppliers' performance. When the buying firm uses collaborative communication for

the supplier development programs, it is perceived by the supplier as an effective mechanism to improve the buyer–supplier relationship. Collaborative communication includes indirect influence strategy, formality and feedback. However, this study shows that the implementation of several supplier evaluation communication strategies by itself is not enough to influence the supplier’s performance.

Marloes J.T. Claassen, Arjan J. van Weele and Erik M. van Raaij (2008) investigated the performance outcomes of vendor managed inventory (VMI) from a buyer’s perspective and enablers for its successful application. In this research Structural equation modeling through Partial Least Squares (PLS) is used to identify relationships between four enablers (information systems, information sharing, information quality, and relationship quality), perceived VMI success, and three outcomes (cost reductions, customer service, and supply chain control). VMI leads to cost reductions in administration, transportation, and inventory and materials handling, improved customer service levels and improved supply chain control in terms of less stock outs and prevention of the bullwhip effect. VMI can only explain 9 percent of the variance in cost reductions,

but it explains 18 percent of the variance in supply chain control, and 31 percent of variance in customer service levels. This suggests that cost reduction is not the most salient benefit of a VMI implementation, but that its benefits should be sought primarily in service levels and improved supply chain control.

WichitsawatSuksawat Na Ayudhya and Scott E. Grasman focused on synchronizing inventory and transportation decisions. In this research they have developed analytical models that integrate inventory and transportation decisions systems in order to simultaneously “optimize” decision variables that have traditionally been studied sequentially or independently. The results offered a framework for a synchronous control policy for an integrated inventory and transportation system under Vendor Managed Inventory (VMI).

Elisabeth J. Umble, Ronald R. Haft, and M. Michael Umble (2003) identified success factors, software selection steps, and implementation procedures critical to a successful implementation of Enterprise Resource Planning (ERP). Enterprise resource planning (ERP) systems are highly complex information systems. The implementation of these systems is a

difficult and high cost proposition that places tremendous demands on corporate time and resources. Many ERP implementations have been classified as failures because they did not achieve predetermined corporate goals.

Stanley E. Fawcett (2010) provided a holistic paradigmatic lens through which the supply chain collaboration phenomena (including collaborative inventory management) can be understood and explained. The paper explores the environmental conditions and managerial processes that promote or hinder supply chain collaboration from a variety of theoretical lenses including contingency theory, the resource-based view of the firm, the relational view of the firm, force field analysis, constituency based theory, social dilemma theory, and resource-advantage theory. The process of applying appropriate theoretical lenses to each facet of the inventory systems design process adds layer after layer of understanding that ultimately yields a dynamic systems theory of collaborative inventory management.

Though there are many literatures on vendor management they merely concentrate on supplier selection techniques and Enterprise Resource Planning (ERP). There are only few studies on the impact or difference

between single and multiple vendor sourcing strategy. So the research focuses on the factors affecting single and multiple vendor selection decision.

OBJECTIVES OF THE STUDY

- To study the single or multiple vendor preference by the organizations
- To find the factors which are influencing the selection of single vendor or portfolio of vendors

Data and Methods

Descriptive research was conducted to know whether the organizations use single or multiple vendors and the reasons behind it. As it is difficult to locate members of the population here snowball sampling technique is used. Snowball sampling is a non-probability sampling in which a respondent is asked to refer another respondent. The data has been collected from 150 SMEs in the western Districts of Tamilnadu.

Analysis and Findings

Table 1: Demographic characteristics of the company studies

Particulars	Percentage
Size of the organization	
Micro	10
Small	64
Medium	26
Industry of the organizations	
Agro equipment	2.0
Aluminum& glass	4.0
Automobile	6.0
Brick	2.0
Chemical & Fertiliser	8.0
Dairy	2.0
Oil & Rice	4.0
FMCG	4.0
Furniture& Plastics	8.0
Leather and paper	12.0
Steel	2.0
Sugar	4.0
Textile	22.0
Retail	20.0

64% of the respondents are small scale industries, 26% of the respondents are medium scale industries, and 10 % of the respondents are micro scale industries.

Among the respondents 22% of the respondent companies belongs to textile industry and next comes the retail industry with 20%.

Table No: 2 Chi-square of single and multiple vendor and cost of the raw material

Chi-Square Tests		
	Value	Asymp. Sig. (2-sided)
Pearson Chi-Square	37.581 ^a	0
Likelihood Ratio	28.025	0.001
Linear-by-Linear Association	19.867	0

There is a significant relationship between single and multiple vendor and cost of the raw materials. The cost of the raw material changes with the usage of single

vendor or multiple vendors. A company with multiple vendor percentage the cost of the material is less when compared to high single vendor percentage.

Table No: 3 Chi-Square of Single and multiple vendor percentage and quality of the raw material

	Value	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.254 ^a	0.259
Likelihood Ratio	13.637	0.136
Linear-by-Linear Association	1.731	0.188

There is no significant relationship between single and multiple vendor percentage and quality of the raw materials. This shows that single and multiple vendor percentage and quality of the raw material is

independent from each other. Because of high multiple and single vendor percentage there is no change in quality of the raw materials.

Table No: 4 Chi-Square of Single and multiple vendor percentage and market research

	Value	Asymp. Sig. (2-sided)
Pearson Chi-Square	67.511 ^a	0
Likelihood Ratio	35.61	0
Linear-by-Linear Association	24.323	0

There is a significant relationship between single and multiple vendor percentage and market research. If multiple vendor percentage is high then the market

research is not conducted very often where as in high single vendor percentage market research is conducted often.

Table No: 6 Procurement effort and JIT Usage

Independent samples test									
		Levene's test for equality of variances		T-test for equality of means					
		F	Sig.	T	Sig. (2-tailed)	Mean difference	Std. Error difference	95% confidence interval of the difference	
								Lower	Upper
Procurement effort	Equal variances assumed	0.285	0.596	2.767	0.008	0.5779	0.2089	0.1579	0.9979
	Equal variances not assumed			2.827	0.007	0.5779	0.2044	0.1669	0.989

There is a significant difference between average procurement effort for organizations using JIT and not using JIT. Here the dependent variable is procurement effort and the independent variable is whether the organization uses JIT or not. As the procurement mean differs for the organizations using JIT and not using JIT, usage of JIT influences the procurement effort.

Findings and conclusion

The results from the research are evident that most of the organizations using multiple vendor sourcing strategy compared to single vendor sourcing strategy. Majority of the organizations not having contract with their suppliers to deliver the raw materials at fixed price. Only very few of the

organizations are aware of Vendor Managed Inventory (VMI). Though there are considerable amount of organization using Just in Time (JIT) technique, most belongs to the textile industry. Except textiles only one or two industries are using JIT. The business environment is dramatically changing. Companies today face the challenge of increasing competition, expanding markets, and rising customer expectations. This increases the pressure on companies to lower total costs in the entire supply chain, shorten throughput times, drastically reduce inventories, expand product choice, and provide more reliable delivery dates and better customer service, improved quality. In today's competitive scenario, the limited resources available to the firms must be rationally utilized to

enhance the performance and efficiency of the firm and provide better value to the customers. The process of procurement is often part of a company's strategy because

the ability to purchase certain materials will determine if operations will continue. For the continuous flow of operation procurement management is important.

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