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PDUAMT BUSINESS REVIEW

An International Peer-Reviewed Annual Journal of Pandit Deendayal Upadhyaya Adarsha Mahavidyalaya,Tulungia, Bongaigoan, Assam, India

Volume: II 2020

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Editor
Dr. Nitashree Barman

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YEARS OF CELEBRATING THE MAHATMA

रमेश पोखरियाल 'निशंक'
Ramesh Pokhriyal 'Nishank'

सत्यमेव जयते

शिक्षा मंत्री
भारत सरकार
MINISTER OF EDUCATION
GOVERNMENT OF INDIA

MESSAGE

I am delighted that Pandit Deendayal Upadhyaya Adarsha Mahavidyalaya (PDUAM), Tulungia (Assam) is bringing out the second issue of PDUAMT Business Review, an Annual International Peer Reviewed Journal.

Pandit Deendayal Upadhyaya was a great proponent of integral humanism, a view point now globally acknowledged and advocated. It is heartening that Pandit Deendayal Upadhyaya Adarsha Mahavidyalaya, set up under Rashtriya Uchchatar Shiksha Abhiyan (RUSA), is bringing out the second issue of PDUAMT Business Review at a time when the epochal National Educational Policy (NEP) 2020 has been announced by the Government of India after extensive consultation with all the stakeholders. Rapid and drastic changes in the knowledge landscape with the arrival of disruptive technologies, climate change, depleting natural resources, the widening hiatus between the educated unemployed and the dearth of employable persons, extremely stressful examination system, inability of the extant education system to imbue the students with Indian ethics and constitutional values, the felt need for promoting cognitive capacities and critical thinking in the students, the need to make education inclusive and accessible and capable of meeting the aspirational needs of the 21st century, all necessitated a new educational policy. It is in this backdrop that the much awaited NEP has been brought out after 34 years under the dynamic and inspirational leadership of the Hon'ble Prime Minister, Shri Narendra Modi.

The NEP 2020 is a comprehensive, lofty, futuristic and yet pragmatic, broad based and flexible, inclusive, grounded in equity and justice, and above all-catalytic in content. The Delor report of the UNESCO speaks of the four pillars of the learning, namely, learning to know; learning to do; learning to be; and learning to live together. The NEP 2020 not only meets these tests, rather adds a fifth dimension that is character building of the students and inculcation of values of our great civilization and the Constitution of India. The NEP once implemented with the close cooperation of the State Governments, it will secure the future of our new generations and transform India and make it a global knowledge hub.

I am sure that PDUAMT would carry thought provoking articles on the NEP as well. I congratulate the PDUAMT and wish them a grand success.

(Ramesh Pokhriyal 'Nishank')

स्वच्छ भारत

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Patron's Message

"The Business Review" is one of the important academic journals particularly for development of commerce education in our college, published regularly since 2019. All articles, research papers enlisted within the purview of this academic journal will obviously be helpful to our learners. I hope this endeavor will maintain its academic status in future. At the end, I express my deep sense of gratitude to all scholars and well wishers who helped in successful completion of the second issue of the journal.

Dr. Gunindra Das
Patron

Editorial

Dear Readers

I express my heartfelt greetings to all the stakeholders of PDUAM, Tulungia on its completion of three years of establishment. The various achievements and developments of the institute during this short span of period signify progression towards its vision, *i.e.* to eradicate the illiteracy rate and promote business education in rural areas. In this endeavor, the New Education Policy, 2020 will further drive the institute to erect a strong human capital base as per the demand of the industry. The paradigm shift in the education policy emphasizing on vocational and skill-based education will certainly provide a technology-based platform to the business schools to upgrade the traditional teaching and learning tools and techniques and deliver pragmatic business knowledge. Further, penetration of global educational institutes will further boost the competition level in imparting quality education. I believe our institute will also be a significant part of this revolutionary process of nation building with its young minds of workforce.

Being a business journal, the objective of PDUAMT Business Review has always been to provide the readers with the information of various business related contemporary issues concerning accounting, finance, management, economics and other allied areas of business education. It is a rapturous joy to publish second volume of the journal amidst COVID-19 pandemic worldwide.

The current issue of the journal encompasses a total number of ten research papers and articles on teachers' work engagement concerning higher secondary institutions, perspectives on managing customer relationship through emotional intelligence during Post COVID-19, role of microfinance programs in eradicating social exclusion, service quality and its gap in public and private sector banks, digital banking in India, inventory and cash management of small enterprises and foreign direct investment in India. Besides, the current issue also includes two international papers, *viz*., the impact of COVID-19 lockdown on consumers' consumption behavior in Bangladesh and environmental reporting practices in Nigeria.

I, being the editor of the journal, would like to extend thanks to all the contributors of research papers and articles of the present volume and the distinguished editorial advisory board members for their cooperation and support. I look forward to coming up with more such research papers and articles in future for our prospective readers. Suggestion and feedback are expected from readers as PDUAMT Business Review strongly believes in tenacious and comprehensive quality improvement.

Dr. Nitashree Barman
Editor

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A Study on Teachers' Work Engagement concerning Higher Secondary Institutions in Manipur

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LUCY VUNGLUNPAR†

Abstract

The present study attempts to find out the significant difference in the levels of work engagement of teachers working in higher secondary schools in Churachandpur, Manipur with respect to the gender, marital status and streams. The study utilized primary and secondary data. The primary data have been collected from teachers working in both private and government schools. The study has employed SPSS AMOS in order to analyse data. The finding of the study reveals that there is no significant difference in work engagement of teachers across gender and streams, however, unmarried teachers are found to have higher levels of work engagement in contrast to married teachers.

***Keywords**: Teachers, Work Engagement, Gender, Marital Status, Streams*

***JEL Classification:** I2, J2*

Introduction

Academic staff is the most critical point in every school. Teachers have an important role in influencing the students' characters and their various experiences. Teachers are committed, enthusiastic and attached to their jobs to fulfill their responsibilities and obligations. The task assigned to teachers is a very challenging one and has been increasing with the increasing expectations of students and parents. Individuals who are highly engaged in their work tend to be associated themselves with their respective jobs/work and stimulated by the job itself. They tend to put in more effort towards meeting the needs of their customers and organization. It is found that engaged employees put their skills and abilities to good use in their job, which create a sense of accomplishment to them. According to Crabtree (2004) employees who are engaged are known as the builders. An engaged individual is aware of the responsible rested upon them, they look forward to utilizing their capabilities and skills for the betterment of the organizations. They drive their organizations toward a positive road by utilizing their skills.

Work engagement can be defined as a personal passion and commitment in one's the job/work (Roberts & Davenport, 2002). Maslach & Leiter (1997) described engagement as being energetic, effective, and involved; and defined engagement as the direct antithesis of burnout dimensions, which comprises cynicism, weariness, and decrease in

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accomplishment, while. Work engagement is evident when employees are endowed with a feeling that their needs are met by the organization and when they are happy in their job itself (Rayton & Yalabik, 2014). Work engagement is both a psychological as well as a behavioral aspect (Kirkpatrick & Johnson, 2014). Work engagement embracing a constructive, fulfilling and job-related mind-set, is classified by vigor, dedication and absorption. Vigor is distinguished by a level of high energy and a flexible mindset while at work, perseverance at work, and encountering obstacles. Dedication is distinguished by having a feeling of enthusiasm, importance, accomplishment, pride and inventiveness. Last but not the least, absorption is distinguished by developing a sense of full concentration at one's work, whereby, one is not aware of time passing and one has a hard time refraining from his/her job (Schaufeli, Salanova, Gonzàlez-Roma, & Bakker, 2002)**.**

Work engagement of teachers can be defined as the emotions teachers feel about their work, which have an impact on the direction and effort put into their work. According to Hakanen, Bakker, & Schaufeli (2006), engaged teachers tend to be more committed to their students and school. Highly engaged teachers tend to approach their work with a sense of the high intensity of effort, vigor and show interest, enthusiasm, and concentrate on their teaching. In addition, teachers who are more engaged caused a decrease in the dropout rates of students they taught (Bryk & Thum, 1989). Bakker (2005) stated the positive relation of teacher high engagement levels with student commitment and accomplishment. However, the lack of symptoms of burnout does not means a high level of work engagement of teachers, and teachers depicting a highly engaged work behavior could simultaneously be in a state of emotional exhaustion (Klusmann, Kunter, Trautwein, Ludtke, & Baumert, 2008). It is believed that creating a conducive environment at work could lead to overcoming many obstacles connected with discontentment and stress while at work (Freeney & Tiernan, 2012).

Some teachers are highly engaged, exert enormous effort and action in their work. On the other hand, some others are disengaged, depicting a picture of low motivation and disinterest to make them successful in their work. Therefore, the difference in the work engagement of teachers often is left unnoticed and neglected. The present study attempts to study the difference in engagement levels of higher secondary teachers concerning gender, marital status and streams in Churachandpur, Manipur.

Statement of the Problem

With the increase in varying techniques in teaching, the burden of teachers has also increased extremely. Teachers entrusted with very exacting and taxing tasks often cause them to pull back emotionally and mentally to cope with the fatigue-related with their jobs. Also, the increasing attrition levels of teachers shed light on the importance of the work engagement of teachers more than ever. Despite, various studies conducted by researchers on work engagement, there have been a few studies on work engagement among higher secondary school teachers conducted in India. The present study intends to study the difference in the level of work engagement across the gender, marital status, and streams of higher secondary school teachers in Churachandpur, Manipur.

Review of Literature

Kahn (1990) found that in a certain favorable condition strengthening connections with work and others, employees intimately engaging in their work employ and convey the dimensions about themselves, which favor the most in the task they performed. On the other hand, teachers intimately disengaging have the habit of distancing themselves, which results in disconnections from others and their work.

Shimazu, Schaufeli, Miyanaka, & Iwata (2010) found extremely low scores on work engagement of Japanese UWES-9 as compared to other countries. The study stated that this phenomenon might be due to the effect of decreased measurement accuracy of the sample in a Japanese sample and Japanese people tend to suppress the positive affect.

Fong & Ng (2011) found that workers in the support rank have a higher level of engagement as compared to workers in the professional rank. Petrovic, Vukelic, & Cizmic (2017) concluded that there is a significant but low correlation with employees' age; higher educated employees are more engaged than educated ones; employees' occupying supervisory roles are more engaged than others; and employees working at state-owned organizations are found to be more engaged than those working in private organizations.

Mostert & Rothmann (2006) observed that work engagement could be affected by various factors like age, gender and race, stress at work, and attributes of a person. Maslach, Schaufeli, & Leiter (2001) indicated that of the three dimensions of work engagement two of it namely, vigor and dedication are set to be the opposite of the two fundamental dimensions of burnout- cynicism and exhaustion.

Shaheen, Akram, & Ghazanfar (2015) studied the impact of teacher's engagement on university/organizational performance and found that salary and benefits, role and abilities, leadership qualities, and institutional context persisted to be statistically significant in the prediction of organizational performance. Therefore, the study concluded that engagement played an important role in predicting organizational performance.

Objectives of the Study

1. To find a significant difference in the level of work engagement between male and female higher secondary school teachers.
2. To find a significant difference in the level of work engagement between unmarried and married higher secondary school teachers.
3. To find a significant difference in the level of work engagement across the streams of higher secondary school teachers.

Hypotheses of the Study

H_{01}: Male and female higher secondary school teachers have the same level of work engagement.

H_{02}: Unmarried and married higher secondary school teachers have the same level of work engagement.

H_{03}: Arts, Science and Commerce higher secondary school teachers have the same level of work engagement.

Research Methodology of the study

Research design

The focus of the study is on the work engagement of higher secondary school teachers. The nature of the study is cross-sectional and quantitative. The questionnaire was conducted through a survey. The data were analyzed using IBM SPSS 22.0 (AMOS).

Sampling

The target population for the present study is the teachers from higher secondary schools in Churachandpur, Manipur. The techniques used for sampling is Random Sampling. The questionnaires were distributed to the respondents and the researchers personally collected the responses. For this study, 200 questionnaires were distributed to higher secondary teachers of various streams from arts, science and commerce. Out of these 180 responses were retrieved which resulted in a 90% rate of response.

Table 1: Profile of Respondents

Profile		**No. of Respondents**	**Percentage**
Sex	Male	88	48.89
	Female	92	51.11
Marital Status	Unmarried	101	56.11
	Married	79	43.89
Streams	Arts	65	36.11
	Science	59	32.78
	Commerce	56	31.11
Total		**180**	**100**

Source: Computed from Primary Data

Measurement Scale of Work Engagement:

The Utrecht Work Engagement Scale (UWES) developed by (Schaufeli & Bakker 2004) is used to measure the work engagement of Teachers in Private Higher Secondary. UWES has 17 items of 7 points Likert scale assigning the values 0 for never, 1 for rarely/a few times a year or less, 2 for rarely/once a month or less, 3 for sometimes/a few times a month, 4 for often/once a week, 5 for very often/a few times a week, 6 for always/every day. Further, the UWES is classified into three constituting factors/components/aspects of work engagement: Vigor, Dedication, and Absorption.

Table 2: Factors of Work Engagement

Factor	Description	Statements
Vigor	It is assessed by six items that are referred to as high levels of energy and resilience, the willingness to invest effort, not being easy, and persistence in the face of difficulties.	*Q1. At my work, I feel bursting with energy.* *Q4. At my job, I feel strong and vigorous.* *Q8. When I get up in the morning, I feel like going to work.* *Q12. Can continue working for very long periods at a time.* *Q15. At my job, I am very resilient, mentally.* *Q17. At my work, I always persevere, even when things do not go well.*
Dedication	It is assessed by five items that are referred as high level of cognizance of one's purpose of doing job, enthusiasm about the job, inspiration from own work, feeling proud and chasing work as challenge.	*Q2. I find the work that I do full of meaning and purpose.* *Q5. I am enthusiastic about my job.* *Q7. My job inspires me.* *Q10. I am proud of the work that I do.* *Q13. To me, my job is challenging.*
Absorption	It is measured by six items that refer to being totally and happily immersed in one's work and having difficulties oneself from it so that time passes quickly and one targets everything else that is around.	*Q3. Time flies when I'm working.* *Q6. When I am working, I forget everything else around me.* *Q9. I feel happy when I am working intensely.* *Q11. I am immersed in my work.* *Q14. I get carried away when I'm working.* *Q16. It is difficult to detach myself from my job.*

Source: Review of existing literatures

Results and Discussions

Table 3: Internal consistency (Reliability) of three scales of UWES

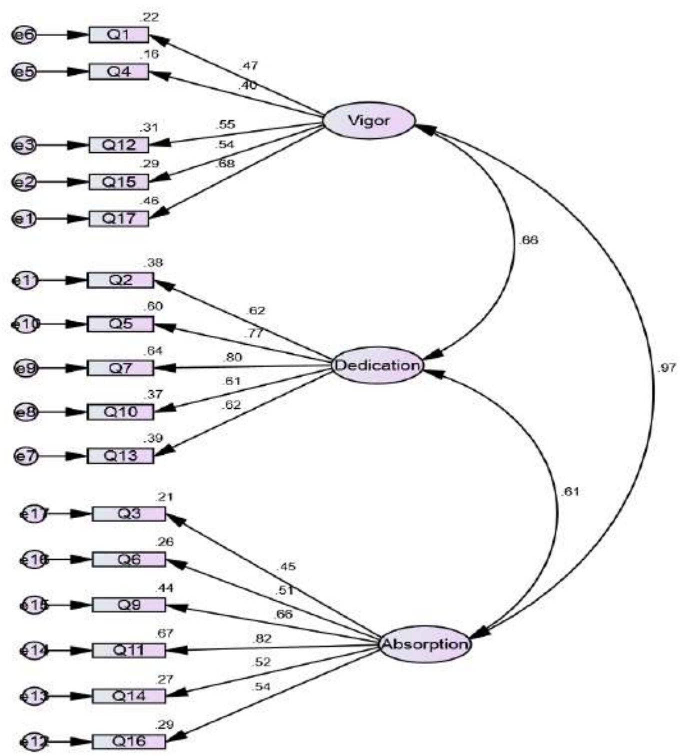
Reliability	No. of items	Cronbach's Alpha	Remarks
Vigor	6	0.654	Reliable
Dedication	5	0.808	Very Good
Absorption	6	0.749	Very Good
Overall	**17**	**0.870**	**Very Good**

Source: Computed from Primary Data

Table 3 presents result of reliability test. The internal consistency of three scales and overall scales of UWES is measured by Cronbach's alpha and all except scales of vigor are greater than 0.8. Therefore, the items to measure those factors are good and reliable.

Confirmatory Factor Analysis (CFA) of Work engagement

Confirmatory factor analysis is used to test the hypotheses that the overall work engagement is contributed by the three components/factors/aspects. Further, it is also tried to confirm whether the vigor is measured by six items listed above, dedication is measured by five items listed above and absorption is also measured by the above six items. The following figure shows the path diagram of CFA.



Source: *Computed from Primary Data*

Fit Indices: Chi-square = 274.314, df = 99, CMIN/df = 2.771; GFI = 0.846, CFI = 0.828, TLI = 0.792, RMSEA = 0.099

The loading factors (i.e. standardized regression coefficients) of all items concerning the factor "Vigor" are greater than the threshold value 0.40 except Item "Q8". Therefore item Q8 is deleted from the analysis and thus five items namely Q1, Q4, Q12, Q15, and Q17 measured the latent factor "Vigor". It is known that the factor loading is the correlation between the original variables (items) and the factors/components and the key to understanding the nature of a particular factor. Thus the correlation between Q1 (item) and Vigor is 0.53. Similarly, the factor loading of the factor Vigor on Q4, Q12, Q15, and Q17 are respectively 0.52, 0.62, 0.54, and 0.66. It suggests that the latent factor Vigor has a significant contribution to energy, zest, and stamina to do work.

All five items of the latent factor "Dedication" have significantly contributed to measure this factor since the factor loadings are greater than the threshold value 0.40. Therefore, it is confirmed from CFA that dedication can be assessed by these five items Q2, Q5, Q7, Q10, and Q13. Likewise, it is also confirmed that the factor "Absorption" can be assessed by six (6) items Q3, Q6, Q9, Q11, Q14, and Q16. The correlation coefficient between the factors Vigor and Dedication is 0.66, between Vigor & Absorption is 0.97 and between Dedication and Absorption 0.61. Thus, the three factors of work engagement are highly and positively correlated meaning that if the level of vigor is increased then dedication to work and absorption on work are also increased and vice-versa. Finally, it is concluded from the confirmatory factor analysis that the work engagement of teachers in Higher Secondary Schools of Churachandpur, Manipur can be assessed by the above sixteen (16) items. The comparison of work engagement concerning gender, marital status, and streams of respondents can be made based on the total scores of three factors and overall total scores of sixteen (16) items that measure the work engagement.

H_{01}: *Male and female higher secondary school teachers have the same level of work engagement.*

Table 4 provides results of descriptive statistics and t-test for gender. There is no significant difference between male and female teachers concerning vigor since the p-value (0.493) is greater than the significant value of 0.05. Both female and male teachers are at the same level of vigor in their work. The mean scores dedication for male and female teachers are also found to be statistically not significant as the p-value (0.249) of the t-test is greater than 0.05. But, the p-value (0.027) for testing the significant difference between males and females for absorption is less than the significant value of 0.05, there is a significant difference between male and female teachers on absorption to do work. Female teachers are more absorption in their work than male teachers. In respect of the work engagement, which is the overall measures of vigor, dedication, and absorption, there is no significant difference between males and females as witnessed by the t-test which is found to be insignificant at a 5% level of significance. Therefore, the null hypothesis cannot be rejected.

Table 4: Mean, Standard Deviations and t-test for Gender

Factors	Gender	N	Mean	SD	t	p-value
Vigor	Male	88	21.4	4.1	0.687	0.493
	Female	92	21.8	4.4		
Dedication	Male	88	24.3	4.6	1.157	0.249
	Female	92	25.1	4.1		
Absorption	Male	88	21.3	4.1	2.23	0.027
	Female	92	22.8	4.7		
Work Engagement	Male	88	67.0	10.8	1.604	0.110
	Female	92	69.7	11.4		

Source: Computed from Primary Data

Based on previous studies, (Fong & Ng, 2011) female workers have a higher level of engagement compared to male workers, however, this gender distinction was only relevant in the aspect of vigor. Petrović, Vukelić, & Čizmić (2017) found that women were more engaged than men both in the long-form and short-form of the UWES scale. Also, Kong (2009) found a significant difference between male and female employees particularly in the area of dedication, female employees were found to be placing a high value on their job, while male employees scored higher on the dimension of vigor and absorption. In contrast, Iyer (2016) found that male teachers were more engaged than female teachers, however, it was found that the effect of the difference was small. San & Tok (2017) found that regarding gender on work engagement, male teachers were found to be more engaged than female teachers. While, Kavitha & Devi (2018) found no significant difference in the work engagement scores between X and Y generation teachers concerning gender, this result corresponds with the present study's result, which indicates no significant difference between males and female teachers.

H_{02}: *Unmarried and married higher secondary school teachers have the same level of work engagement.*

Table 5: Mean, Standard Deviations and t-test for marital status

Factors	Marital Status	N	Mean	SD	t	p-value
Vigor	Married	79	20.5	4.5	3.093	0.002
	Unmarried	101	22.5	3.9		
Dedication	Married	79	24.4	4.6	0.703	0.483
	Unmarried	101	24.9	4.2		
Absorption	Married	79	21.1	4.8	2.543	0.012
	Unmarried	101	22.8	4.1		
Work Engagement	Married	79	66.1	11.9	2.469	0.014
	Unmarried	101	70.2	10.3		

Source: Computed from Primary Data

Table 5 provides results of descriptive statistics and t-test for marital status. It can be seen that unmarried teachers are more vigorous in their work as compared to married teachers. However, the mean scores dedication for married and unmarried teachers are found to be statistically not significant as the p-value (0.483) of the t-test is greater than 0.05. But, the p-value (0.012) for testing the significant difference between married and unmarried teachers for absorption is less than the significant value of 0.05, there is a significant difference between married and unmarried teachers on dedication to doing work. Unmarried teachers are more absorption in their work than married teachers. In case of work engagement, there is a significant difference between unmarried and married teachers as witnessed by t-test which is found to be significant at a 5% level of significance.

Unmarried teachers have a higher level of work engagement as compared to married teachers.

Based on previous studies, (San & Tok, 2017) found no significant difference found between married and unmarried teachers. However, Kong (2009) found that unmarried employees scored higher on all three dimensions of work engagement as compared to married employees. While the latter study's result corresponds with the present result but concerning the dedication dimension of work engagement there is no significant difference between married and unmarried teachers, however, the overall measures indicate that unmarried teachers scored higher compared to married teachers.

H_{03}: *Arts, Science and Commerce higher secondary school teachers have the same level of work engagement.*

Table 6 provides results of descriptive statistics and F-test for the stream. There is no significant difference across streams of teachers concerning vigor since the p-value (0.389) is greater than the significant value of 0.05.

Table 6: Mean, Standard Deviations and F-test for the three streams

Factors	Stream	N	Mean	SD	F	p-value
Vigor	Arts	65	22.0	3.9	0.948	0.389
	Science	59	21.9	4.5		
	Commerce	56	21.0	4.4		
	Total	**180**	**21.6**	**4.3**		
Dedication	Arts	65	24.9	4.3	0.159	0.853
	Science	59	24.6	4.5		
	Commerce	56	24.5	4.3		
	Total	**180**	**24.7**	**4.3**		
Absorption	Arts	65	22.1	4.3	0.011	0.989
	Science	59	22.1	4.4		
	Commerce	56	22.0	4.8		
	Total	**180**	**22.1**	**4.5**		
Total	Arts	65	69.0	10.4	0.288	0.75
	Science	59	68.5	11.8		
	Commerce	56	67.5	11.5		
	Total	**180**	**68.4**	**11.2**		

Source: Computed from Primary Data

All streams of teachers have the same level of vigor in their work. The mean scores dedication for arts, science and commerce teachers are also found to be statistically not significant as the p-value (0.853) of the F-test is greater than 0.05. The p-value (0.989) for testing the significant difference across the streams of teachers for absorption is more than the significant value of 0.05, there is no significant difference across the streams of teachers on absorption to do work. With regard to the work engagement, there is no significant difference among arts, science and commerce teachers as witnessed by F-test which is found to be insignificant at a 5% level of significance.

Based on the study conducted by Umamheswari & Swarnalatha (2015) on the work engagement of college staffs, it was found that the three dimensions of work engagement-vigor, dedication, and absorption have some impact but of low significance value on work satisfaction of science and arts college staffs. Especially, dedication is the main predictor of work satisfaction of science and arts college staff. However, in contrast, the present study found no significant difference between arts, science, and commerce teachers.

Conclusion

The findings of the study reveal the true picture of the work engagement levels of teachers working in both private and government higher secondary schools in Churachandpur, Manipur concerning gender, marital status, and across the streams. The overall scores of work engagement indicate that with regard to gender and streams there are no significant differences among teachers. However, concerning marital status, the overall scores of work engagement indicate that unmarried teachers are found to be more engaged than married teachers.

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Managing Customer Relationship through Emotional Intelligence- Some Perspectives during Post COVID-19

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Abstract

History of mankind perhaps had never experience such a global calamity and crisis in which everyone, irrespective of their position, power and status has a realization that one may have enough fund at disposal but cannot spend as per the wishes at the cost of health and life security. Everyone has been afraid of Corona virus and warned to maintain social distancing. As a preventive measure, majority of the countries declared lockdown and asked people to maintain social distancing for their safety and security. A complete stand still situation prevailed in almost all activities and the business houses discontinued their operations and activities. The businesses houses in general, the employees and public in particular have suffered huge loss throughout the world, especially in Corona affected countries. This pandemic situation will certainly be passed away and a new normal life will be prevailed. However, the issue which needs to be addressed by the business houses in general and the service sector organizations in particular is meeting the changing expectations of consumers with emphasis on safety, security and hygiene in the product/services delivered by the frontline employees and/service providers at the end. Having backdrop, the present article is a modest attempt to address this complex issue of managing customer relationship with emotional intelligence in order to gain competitive advantage, especially during the post COVID-19 period.

Keywords*: Emotional Intelligence, Managing Customer relationship, Frontline Employees, Service Performance, Carona, COVID-19*

JEL Classification: *D91, M1, M15*

Introduction

It was in news sometime in December 2019 that the Corona virus (COVID-2019) started spreading in the Chinese city of Wuhan (Hubei province) which subsequently spread to other countries and the whole world is now living in fear of this virus. A number of symptoms of the virus affected patients for which public were informed to be careful and conscious happen to be fever, myalgia, fatigue, and dry cough. Other referred symptoms are

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chills, coryza, sore throat, nausea, vomiting, and diarrhoea (Chen et al., 2020; Huang et al., 2020). These symptoms are usually mild, and some infected people are asymptomatic (Rothe, 2020; Ryu et al., 2020). According to the World Health Organization (World Health Organization, 2020), about 80% of infected people easily recover from COVID-19, without the need of any specific treatment. However, about 1 out of 6 cases of infection courses with seveumonia (Bermejo-Martin et al., 2020), which can lead to respiratory failure, cardiac injury, acute respiratory distress syndrome and death (Holshue, 2020). But the most unique aspect of COVID-19 has been this deadly virus spreads from person to person via virus-laden respiratory droplets produced when an infected person talks, coughs, exhales or sneezes. These droplets can be inhaled by the people nearby, and/or fall over objects and surfaces, which another person can touch, and then touch their nose, eyes or mouth and get infected (World Health Organization, 2020; Centres for Disease Control and Prevention, 2020). COVID-19 is a highly contagious virus (Yang & Wang, 2020). Thus, even though only a minority of infected people develop severe symptoms, COVID-19 becomes a global health threat. In fact, on the 30 January 2020, the WHO declared the health outbreak caused by COVID-19 a public health emergency of international concern. Lakhs of people lost their life in countries like USA, UK, Russia, Italy, France, India and almost all COVID-19 affected countries. As a result, one of the alternatives to save the lives of the people was physical distancing and self-isolation to protect self and others and stop the spread of the disease which result into closure of activities in business and service industry in particular and civil lives in general. Out of precautions, majority of the countries have lockdown their civil lives and business activities months together.

In fact due to lockdown, everything is standstill everywhere in almost every sector and the worst affected is the service sector like hotels, motels, tourism industry at large. To be optimistic, sooner the situation normalizes better it is, though everyone is asking the question, when? But even if it revives, in initial period, how long it will continue nobody knows but the invisible insecurity and desire for extra safety and security in products and services provided by the front line employees and/service providers will be critical issue for every organisation. Therefore, only those organisations who will be proactive in preparing themselves to meet the changing expectations of the consumers, they can only attract , retain and manage customer relationship and gain competitive advantages to survive in the new competitive environment during the post COVID-19 period. One of the mechanisms to manage customer relationship, especially during this type of situation, could be the use of emotional intelligence to better understand, satisfy and motivate customers. The present paper is a modest attempt to discuss how to manage the customer relationship during post COVID-19 with emotional intelligence.

Customer Relationship Management

The concept of marketing has changed enormously from acquisition to retention of customers. In present context of COVID-19 pandemic, major challenge before the business houses is to adopt such marketing strategy so as to motivate the customers to buy/use their products/services with confidence and faith. Normally, it is possible when a business/service provider has a track record of strong customer relationship management or has to make enough visible efforts in this regard to attract and motivate to use their products/services where there exist security. The marketers have to make extraordinary efforts to maintain and retain the existing customers and attract new ones, which can only be achieved by building good relationship with them in which role of frontline employees is very important and critical. Relationship marketing has been defined as establishing, maintaining, and enhancing relationship with the customers and other stakeholders in an attempt to improve and sustain organizations customer base and profitability (Gronroos, 1994). The concept of relationship marketing emerged from the fact that transactions in the service industry are relational in nature. In banking industry, Walsh et al. (2004) visualized that relationship marketing are the activities carried out by banks in order to attract, interact with, and retain more profitable or high net-worth customers. Customer relationship management evolved from the concept of customer orientation. It is not only important to serve the customers but also to maintain and retain relationship with customers. According to Kotler & Armstrong (2004), customer relationship management is the overall process of building, maintaining and enhancing profitable customer relationships by delivering superior customer value and satisfaction. In today's context, customer relationships are either personal or virtual and have been identified as a tool to increase competitive advantage of organization over its competitors. According to Hawke & Hefferman (2006), relationship management is to obtain, retain and create repeat purchase and referrals. Relationship management mainly consist of establish, nurture, sustain, and enhance client relationship which will lead to maximization of profit and market share of the organization (Hawke & Heffernan, 2006; Helm, Rolfes, & Günter, 2006; Kandampully & Duddy, 1999). Similarly, Payne (2009) pointed out that relationship management as a strategic management of relationship with all relevant stakeholders to achieve long-term shareholder value.

In the present changing context, relationship marketing will play a predominant role in doing business, especially in service sector. In service sector, there occur continuous interaction between the customers and the service providers. The degree of customer-employee relationship can influence the consumption of products and/services being offered. Developing and maintaining positive relationship with customers is critical for the success of organizations because it increases the potential to retain the customers. According to Lindgreen et.al. (2000), it is 10 times more expensive to attract new customer as compared to retain it and it cost 16 times more to bring new customer to the level of profitability as the lost one. Adding to it, Ndubisi (2007) opined that organization should put effort to grow and enhance the quality of relationship with customers in order to gain mutual benefits to both the parties. According to Ndubisi (2003), organizations can sustain growth successfully only through mutual symbiotic relationship. The inseparable nature of service makes production and consumption of service between employee and customer leading to inter dependence role between service provider and the customer (Solomon et.al., 1985) in which emotional intelligence of service provider plays crucial role. Jamshidi & Gharibpoor (2012) investigated the relationship between employees' and managers' emotional intelligence and success of customer relationship management in respect of customers, people, and process. Result proved that there is a strong relationship between emotional intelligence and CRM success in banks. Khreish (2009) suggested that in banks, the employee with high level of emotional intelligence have the better ability to construct and maintain a long- term quality relationship with their clients. Therefore, the need of the hour is to give adequate importance to emotional intelligence of service providers at the time of their entry into the organisation, in their utilization and development programmes.

Emotional Intelligence (EQ)

The term emotional intelligence has popularized and commercialized with the writings of Goleman (1998). According to Goleman (1998), emotional intelligence is one of the important criteria in the selection of employee and also in the selection of executives. Goleman (1996) defined emotional intelligence, which includes self-control, zeal, and persistence, and the ability to motivate one-self. In fact, EQ is the ability to identify, understand, and manage emotions. It is the ability to listen to what is being said and understand the meaning behind the words and to respond with empathy. It is also about making emotions work for you, not against you. Emotions may affect one's ability either in a positive or negative way to inspire and lead. One cannot eliminate emotions and memories. Without understanding this, it can affect the way we act, and react to others. In turn, this causes miscommunication, frustration, anxiety and even anger within us.

After spending more than six months such an unusual and unprecedented horrifying time during COVID-19 period in isolation, social distancing and working from homes when people will move out for any product and/services, there is all possibility that they will be apprehensive, expecting and evaluating the quality of safety and security of the product and services. In such situation, the quality of service delivered with respect to safety, security and hygiene, which is to be visibly reflected in the behaviour of service providers (employees), has to become inseparable behavior because according to Hartline & Ferrell, (1996), during service encounter, when customer evaluates service delivered, the behavior of frontline employees plays an important role. These employees play the significant role in the delivery of service quality in an organization and making customer delighted. The degree to which customer is satisfied and delighted it results into the emergence of loyalty of customers towards store, product/service, increases customer retention and reduces their switching behavior. In certain cases, what the customer feels about the behavior of contact employees' results in formation of positive response towards the serving employees as well as the organization. According to Bowen & Ford (2002), managing employees in service industry is different than managing employees in manufacturing industry in several dimensions like (i) the process of service delivery involves customer in service production process; (ii) service employee should respond to each situation uniquely; (iii) emotions plays important role in service settings and (iv) service employee need to manage the service delivery process along with job performance. Perhaps, it is the human and emotional element in the service settings than the manufacturing settings which makes them different from each other. If service sector employees are not emotionally sound and strong and are frustrated due to any personal or professional reasons, it may adversely affect their job performance and directly influence customer's perception of organization (Schlesinger & Heskett, 1991). For the service organizations, according to Beatty et al., (1996); and Griffith (2001), customer's perception towards the service employees remains the perception towards the organization. In general sense, customer's perception of an employee can be determinant of firm's performance

(Heskett et al., 1994; Heskett, Sasser, & Schlesinger, 1997, 2003). Therefore, the firms should understand the new economics of services in which the frontline employee and customer plays a centre role (Heskett, 1994). This could be the reasons for which Goleman (1998) subsequently redefined emotional intelligence as the capacity for recognizing our own feelings and those of others, for motivating ourselves, and for managing emotions. Moreover, Mayer & Salovey (1997) viewed emotional intelligence as a set of abilities to perceive accurately, appraise, and express emotions; the ability to access and/or generate feelings when they facilitate thought; the ability to understand emotions and emotional knowledge; and the ability to regulate emotions to promote emotional and intellectual growth. Kernback & Schutte, (2005); Nwokah & Ahiauza, (2009) concluded that the higher level of emotional intelligence in the service provider, the higher will be the customer satisfaction. Yaghoubi, (2011) examined the linkage between emotional intelligence and relationship marketing and concluded that there exist positive association between various components of emotional intelligence and relationship marketing. Research concludes that emotional exhaustion of frontline employees is critical issue in the success of the service industry. The frontline employee in service performance has to always remain be courteous and professional to all customers while serving (Mattila & Enz, 2002). Therefore, the emotional exhaustion of the employees is serious issue which need to be taken care of by the management.

Strategy to Manage Customer Relationship through Emotional Intelligence during Post COVID-19

The prevailing restrictions, reservations and impositions on life and living of people during Covid-19 for more than last six months has not only derailed their usual thinking and routine behaviour pattern but there is every possibility that they will be very suspicious and demanding special care, concern, commitment from the service providers and frontline employees. No doubt, post COVID-19 customers will develop ambiguity within themselves while interacting with the service providers of the organizations. In certain situation, when it becomes difficult for customers to evaluate services and behaviour of service providers, according to Parasuraman, Zeithaml, & Berry (1985), then they look for other facets like interaction or interpersonal ways to assess the service quality. During that situation when service providers with empathy and sympathy understands on his/her own about what are the possible difficulties the customers might have, what they want, what support facilities they will desire but are unable to express because of ignorance, fear, lack of confidence it ultimately gives mileage to either party. Especially, during this period, customers will definitely appreciate this gesture of the service providers and the organization which ultimately builds brand, store and organizational loyalty. Naturally, emotional intelligence of service providers will play a vital, positive and motivating role. By providing personal attention, care and expressing concern leads to emergence of healthy relationship with the customer that can be one of the reasons for customers to return or retain with the organization. According to Reichheld (1996), a company's profit can be doubled if they improve the mechanism to retain customer. Because, it is less expensive to serve long-term customers as the loyal customers and will have higher willingness to pay a premium price. There exist no shield between employee's attitude, satisfaction, performance and the customer's perception towards the organization. Thus, it is largely possible on the part of employees with high emotional intelligence and hence the need of the hour for marketers and service providing organizations is to give due emphasis on it. Therefore, following are the possible strategies to be urgently framed by the organisations to manage the post COVID-19 situation in order to manage customer relationship:

1. **Recruitment and Selection of Manpower**: It is the appropriate time for the organizations to give due emphasis at the entry point. At present and in future while recruiting and selecting people, there should be use of emotional intelligence test of candidates for front line and service provider's positions. The organization should use EQ tests and set a minimum standard of emotional intelligence in a candidate without which the person should not be offered service provider job within the organization.
2. **Special Training and Development Program**: The need of the hour for every organisation is to be proactive and management has to proactively train and develop the people with emotional skills. Organisations need to organize special training programmes to develop and strengthen EQ since emotional intelligence in a person can be developed. Therefore, organizations should assess the standardized EI scale and accordingly design proper training and development programmes for those existing employees and for newly inducted too in order to develop their emotional ability to meet changing requirement of building strong relationship now and in future too with changed business environment.
3. **Weightage to EQ in Performance Appraisal**: There should be provision for assessment of Emotional Ability (EA) of employees in performance appraisal programme of the organisation. If the company uses 360 degree performance appraisal methods and an employee has high score in EA, the organization should reward him/her for this ability so that it will set example for others to make planned effort to develop this characteristics in them.
4. **Compensation and Motivation:** Organization should have enough provision for recognition and reward of employees who have demonstrated marked emotional ability in their day-to-day business performance. There should be a system in the organisation where there should be formal policy to reward people who have achieved a particular level of EA in managing customer relationship using their EQ.

Conclusion

This is a fact that the business environment during post COVID-19 is going to be different and difficult for the critical for survival especially managing customer relationship in a competitive business environment. Those business houses which will treat post COVID-19 as an opportunity and prepare themselves not only in terms of their products and services but also with people through proper training and development of their service providers they may gain competitive advantage otherwise some of them may vanish/and suffer huge loss. Rafaeli (1989) correctly observed that every individual employee is responsible for the image of service organization in customer's perception and it becomes more challenging when employee works at the lowest level of organization. Because these employees represent the organization and they are practically aware of needs and requirements of the customers. Especially, service industry employees in general and other frontline employees in particular, their emotional intelligence at this juncture of time can play significant role in organization's success and achieving effectiveness. Thus, it can be concluded that frontline employees with high level of emotional intelligence not only improves the financial performance but also maintain quality long-term relationship with its customers. Higher the emotional intelligence of employees, better will be their relationship with customers, higher will be the goodwill and profitability of the organization. This needs to be understood and addressed by management of the organisations in the present context and while preparing for the future.

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The Impact of COVID-19 Lockdown on Consumers' Consumption Behavior: An empirical evidence from Bangladesh

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Abstract

COVID-19 lockdown has plagued completely the human race with its ravaging death toll across the Globe. Bangladesh is also affected by the deadly virus that has retarded the rapidly forward marching economy of the country requiring everyone to stay at home suspending their earning activities. Given the economic condition of population of the country, the lockdown situation has brought about a significant and unprecedented negative change in the income of most of the people requiring them to adjust their consumption expenditures accordingly. This paper tends to identify exactly how the lockdown's impact negatively affected consumers' consumption behavior of the people of different social classes in Bangladesh. The present study used data collected through filed survey method with the help of a structured interview schedule. The study used percentage, pie charts and bar diagrams to present lucidly the findings of the study. The study found that owing to COVID-19 lockdown aggregate income of people has decreased by 61.55% and the consumption expenditure has decreased by 66.82%. Majority of the respondents of different social classes have forced to cut their household spending on consumption due to their low income.

Keywords: *COVID-19, Consumers, Income, Expenditure, Consumption*

JEL Classification: *D1, E20, E30*

Introduction

After the 1920s, the earth is witnessing a great COVID-19 pandemic since the very beginning of March 2020. This pandemic is hunting human lives all over the world. Due to the disease's rapid prevalence in most of the countries of the world, Governments in several countries declared lockdown that has unprecedentedly impeded people's normal lifestyle compelling them to stay at home. Most of the businesses were closed, public transports were shut down, international flight stopped operation, and people had to limit their trip,

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travel, and exposure outside. The scenario in Bangladesh is not unlike as Government declared lockdown following the spread of COVID-19 across the country in the mid of March 2020.

In Bangladesh, people employed in Agriculture, Service and Industry sectors are 39.76%, 39.71% and 20.53% respectively and 89% of total employment is related with the informal workforce as well as 42.36% is self-employed and the minimum wage of an unskilled person is only 5210 BDT (Statista, 2020). The International Labor Organization (ILO) has made a projection that unemployment in the informal sector may raise by 25 million in the "high-case scenario". In 2019, the total unemployment figure was 188 million and this represents about a 13% increase in unemployment based on 2019 unemployment. Even in the "low-case scenario", ILO projects that unemployment is likely to increase by about 13 million (Islam, 2020). It pictures how broad and severe a lockdown situation's impact has been on the income of the people employed in the informal sector since they have lost their jobs.

In Bangladesh, individual households as well as the economy have faced unprecedented stagnancy since it emerged as an independent nation. Entire industries and cities shut down led to a record slump in economic activities. The government introduced policies to mitigate the economic harm on households and shore up the small businesses. However, designing fiscal stimuli for households and credit provision for businesses has become difficult for policymakers because of the gravity of the economic downturn.

Lockdown situation has had a great impact on people's income that has ultimately shaped their consumption behavior. As Bangladeshis were forced to stay at home stopping their economic activities, they had to make adjustments in the expenditures influenced by both income loss and uncertainty about how the future economic condition is going to be. The present research work is an attempt to know scientifically how Bangladeshis from a large number of households and different social classes have responded to the pandemic lockdown situation in respect of their spending.

Literature Review

Existing pool of literature on the household's response to a pandemic situation is in the focal point of this paper. Priory done empirical work on this subject matter, such as Baker, Farrokhnia, Meyer, Pagel, & Yannelis (2020) and Andersen, Hansen, Johannesen, & Sheridan (2020) used Transactional Level Household Financial Data obtained from consumers bank account to study how Households' spending response to a pandemic.

Baker, Farrokhnia, Meyer, Pagel, & Yannelis (2020) discovered that the lockdown situation caused significant changes in the spending patterns of users across a wide range of categories. The study found that the degree of the response partly depended on the outbreak's severity in a user's state and in the states where the outbreak was more prevalent, users found to be responding by decreasing spending. The study also found that heterogeneity in spending responses to COVID-19 was provoked by demographic characteristics such as age and family structure to a greater extent while income did not. Andersen, Hansen, Johannesen, & Sheridan (2020) found that response in expenditure differs across categories and there is a strong correlation between the severity of government restrictions and spending response. Individuals who are more exposed to the economic risks and health risks introduced by the COVID-19 crisis experience a larger drop in expenditure compared to others. The study also found that that the closed sector of the economy is mainly responsible for a drop in consumer spending.

Bunn, Le Roux, Reinold, & Surico (2018) found that changes in the consumption of British households are significantly influenced by the unanticipated and temporary falls in income than to increases of the same size. Theoretical models of household consumption responses have been provided in Gourinchas & Parker (2002); Kaplan & Violante (2010) and Kaplan & Violante (2014). Macroeconomic frameworks for studying epidemics have been provided in Jones, Philippon & Venkateswaran (2020), Barro, Ursua, & Weng (2020) and Eichenbaum, Rebelo, & Trabandt (2020).

In Bangladesh, this paper is the first-ever to study consumers' consumption response to income changes resulting from the lockdown. This paper also provides a view of the impacts of the COVID-19 lockdown on the consumers of different social classes that will be helpful in carrying on any future study in this field. The aim is to identify how the downfall in income caused by the lockdown situation changes the consumption pattern of the people. The differences between earlier studies and this one are that those studies were based on countries other than Bangladesh and used people's transactional level data obtained from bank account whereas in the present study, primary data have been collected from consumers of different social classes and regions of Bangladesh through online surveys.

Objectives of the study

1. To compare the consumption behavior of the people of Bangladesh between the pre and during COVID-19 period.
2. To analyze the consumption behavior due to decline in the income level across different classes of the people of Bangladesh.

Data and Methodology

The present study is descriptive in nature. The present study requires primary data and the requisite data have been collected through online filed survey. The study considered responses of total 117 numbers of respondents. Further, respondents of all social classes and age group have been considered and classified on the basis of income level and social classes. The responses of the consumers regarding their income, expenditures and consumption have been collected during the lockdown period. The study used percentage, pie chart, bar diagram and line chart to present the findings of the study.

Analysis & Findings

Table 1 shows the demographic profile of the respondents. Out of total 117 respondents surveyed, 74 are male and 43 are female. In other words, out of the total respondents, 63.25 percent are male and 36.75 percent are female. Further, the table illustrates the age group of the respondents of the study. Out of the 117 respondents, highest number of respondents, i.e., 54 comes under the age group of 31-40 years followed by 22 in the age group of 41-50 years and 21 in the age group of 50 & Above years.

Table1: Demographic profile of respondents

Demographics	Description	Number	Percentage
Gender	Male	74	63.25
	Female	43	36.75
	Total	**117**	**100**
Age	20-30	20	17.09
	31-40	54	46.15
	41-50	22	18.80
	50 & Above	21	17.94
	Total	**100**	**100**
Profession	Business	27	23.07
	Banker	13	11.11
	Govt. Employee	28	23.23
	Garments worker	6	5.12
	Teacher	10	8.54
	Rickshaw Puller	3	2.56
	Driver	5	4.28
	Middleman	3	2.56
	Day Labor	5	4.28
	Hawker	3	2.56
	Farmer	7	5.98
	Nurse	3	2.56
	NGO worker	2	1.70
	Student	2	1.70
	Total	**117**	**100**

Source: Field Survey

On the other hand, lowest number of respondents, i.e. only 20 comes under the age group of 20-30 years. The table also shows the profession of the respondents. Out of the 117 respondents, 28 are government employee, 27 are businessman, 13 are banker and 10 are teacher. Further, 7 respondents are farmer, 6 are garments worker, 5 are deriver, 5 are day labor, 3 are middleman, 3 are rickshaw puller, 3 are hawker, 3 are nurse, 2 are NGO worker and 2 are students.

Figure 1 presents social class of respondents based on Income. In Bangladesh, wealth is unevenly distributed among people living in the society resulting in the existence of social classes with the heterogeneity of wealth and income. In this study, firstly all respondents have been categorized according to their social classes based on income level (WB). Based on the income level, respondents have been classified into six social classes namely, Below Lower class, Lower class, Lower Middle class, Middle class, Upper-Middle class and Upper class. The study found that 10% of the total respondents belongs to the below lower class category with monthly income below 5000 BDT, 17% belongs to lower class having monthly income 5000-10000, 35% belongs to the lower middle class with 30000-50000 monthly income, 24% belongs to the middle class who earns 30000-50000 per month, 12% belongs to upper-middle class having income 50000-100000 BDT per month, and only 2% people belongs to upper or higher-income class who earns 100000 BDT & above monthly.

Figure 1: Social class of respondents based on income

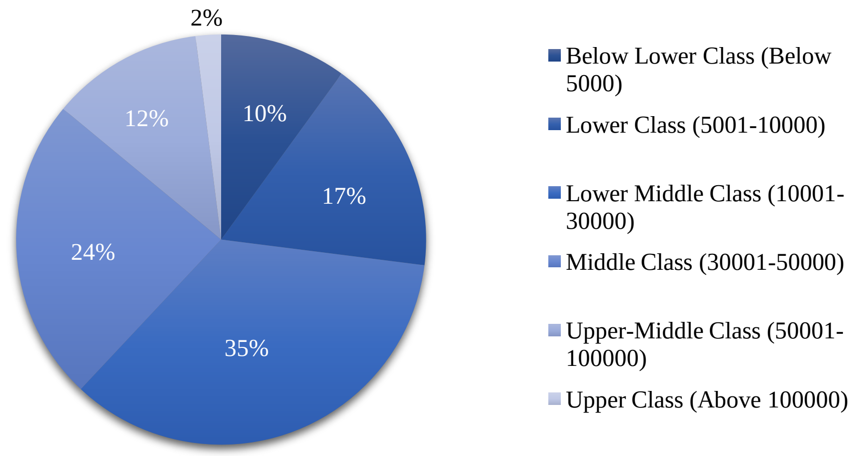


Figure 2 depicts the impact of lockdown on income of the respondents. The study found that income of 74.30% respondents have declined due to the lock down situations while 25.70% didn't experience any drop in their income due to the lockdown. This lockdown has stopped the running wheel of the swiftly forward-moving economy of Bangladesh. In Bangladesh, the population living below the national poverty line dropped to 21.8% in 2018 from 24.3% in 2016 (Asian Development Bank, 2020). Living standard, purchasing power, income, education, and consumption were increasing day by day depicting a good sign of the economy until the lockdown started. The growth rate of Bangladesh was 7.88% in 2019 and was expected to exceed 8% in 2020. However, the lockdown has slowed down the ongoing progress of the economy halting all the economic activities and affecting the income of all classes of people.

Figure 2: Impact of lockdown on Income of respoendents

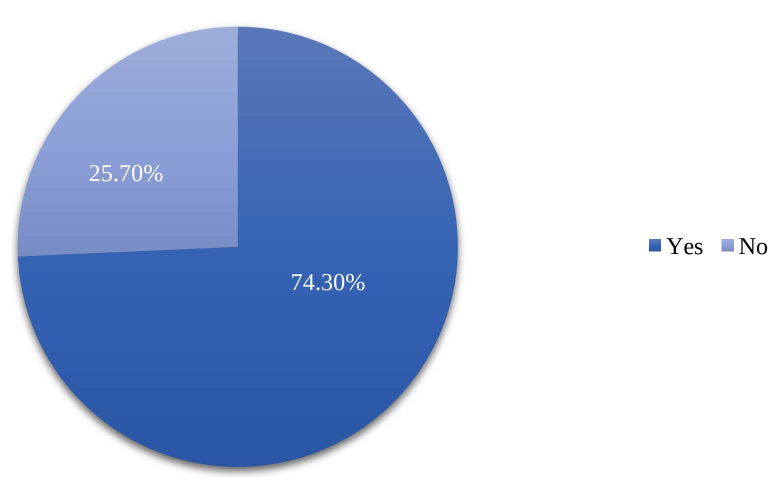


Table 2: Reduction of income across social classes

Social class	Income *(pre-covid-19)* *(Total)*	Income *(during covid-19)* *(Total)*	Income *(reduction in %)*
Below lower class	44000	20900	52.50
Lower class	160000	48000	70.00
Lower middle class	984000	470352	52.20
Middle class	1120000	815360	27.20
Upper middle class	1120000	819840	26.80
Higher class	330000	290400	12.00

Source: Filed survey

Figure 3: Reducation of income accross social classes

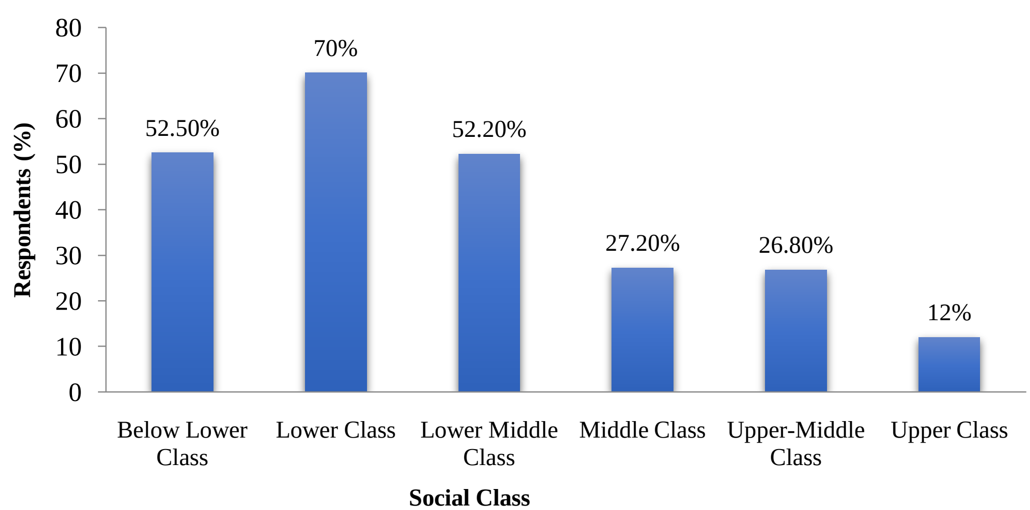


Table 2 and Figure 3 provide reduction of income across different social classes. The study observed heterogeneity in the reduction of income across different social classes. The study found that Below Lower class, Lower class, Middle class, Upper Middle class and Higher class have lost their income by 52.50%, 70%, 52.20%, 27.20%, 26.80%, and 12% respectively. The people of the Lower class and Below Lower class are largely affected by lockdown and the percentage of their income losses is 70% and 52.50% respectively but the Upper-Middle class and the Higher class people are among the least affected people having a decline in their income by 26.80% and 12% respectively.

The reasons behind such decline are:

1. Lower class people are vastly affected by lockdown because a large portion of this faction of the society is garments worker, blacksmith, rickshaw puller etc.

Their earning depends largely on daily activities, which are stopped owing to the lock down. That is why they lost a huge portion or all of their earning.

2. Below lower class people hold the second position. These people do not have any permanent jobs. Therefore, their income is low and so is the reduction.
3. Lower middle-class people are usually low salary jobholders, drivers, and very small businessmen. Therefore, the lockdown has hampered their income substantially by 52.20%.
4. Middle-class people are mainly Government job holders, private company service holder, owner of small businesses like Grocery etc. That is why their income loss is comparatively lower than the earlier others.
5. Upper middle class people loses one third of their income because they are mainly investor in firm/ industry/production firm, MNC service holder etc.

Figure 4 shows responses regarding cutting down of food expenditure due to decline income during the pandemic period. The study discovered a substantial relationship between income and the expenditures on food. The study observed that 70.20% people had to cut their food expenditures but 20.80% people didn't require an adjustment in their expenditures on food with the decline in their income. As income of the people decline due to lockdown, food expenditures also follow the similar trend across different social classes.

Figure 4: Decline in expenditure on consumption of food

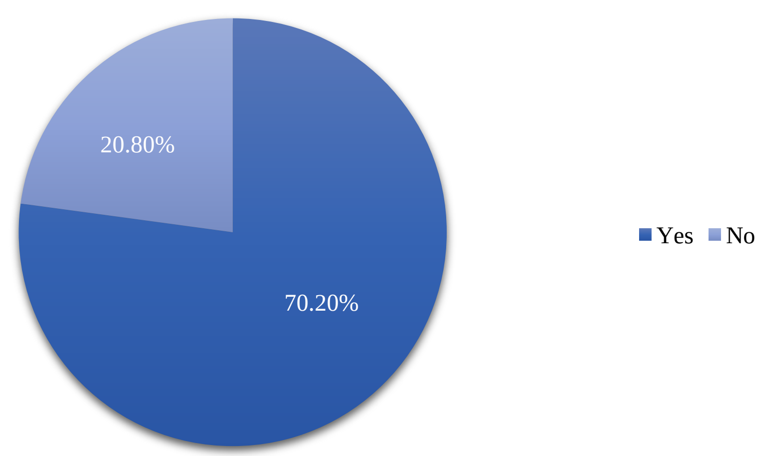


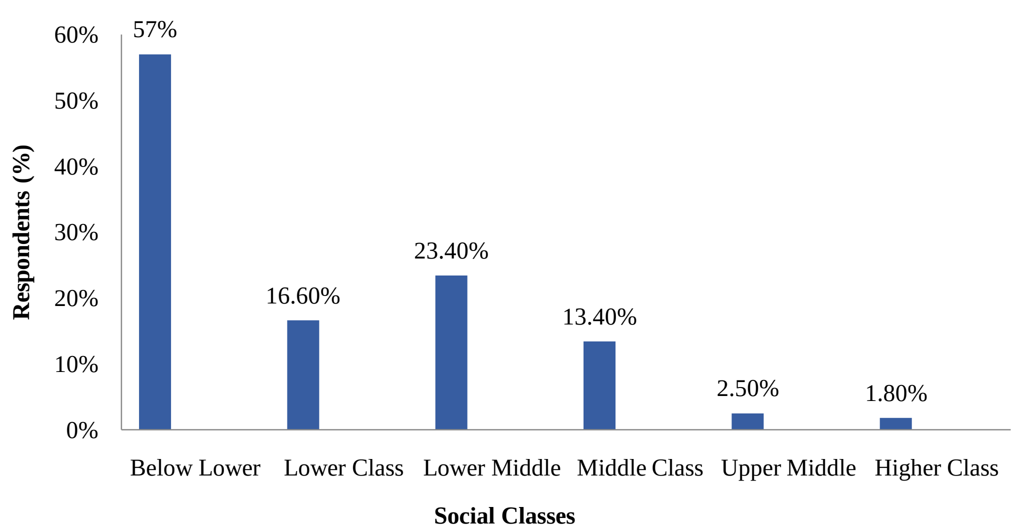
Table 3 and Figure 5 show the reduction of food expenditure across the different social classes of people of Bangladesh. The most affected social class due to decline in food expenditures in response to income drop is Below Lower class with 57% decrease in their expenditures on food. That means, as they lose job they can hardly feed themselves as long as only three to four days. It implies that this faction of the society is hugely dependent on government aid to survive during a pandemic situation because they live by hand to mouth and they don't have any savings which can keep them afloat for some days during such crisis. The other social classes also had to cut their food expenditures except the Upper class. Lower class, Lower Middle class, Middle class and Upper Middle class is responsible for 16.60%, 23.40%, 13.40% and 0.40% cut in food expenditures respectively. The only single class which was not affected by the decline in income in their food expending is Higher or Upper class. Because this faction of the society has sufficient income and wealth which can support them for years in crisis situation. They don't require any relief aid for survival during a longer period of pandemic situation. However, Lower class and Lower Middle class can afford as long as some weeks to one or two months indicating that a longer period of pandemic will upend them and coerce to seek Government aid.

Table 3: Food expenditure reduces across social classes

Social class	**Expenditure** *(pre-covid-19) (Total)*	**Expenditure** *(during covid-19) (Total)*	**Expenditure** *(reduction in %)*
Below lower class	39600	17028	57.00
Lower class	144000	120096	16.60
Lower middle	885600	678370	23.40
Middle class	1008000	872928	13.40
Upper middle	1008000	982800	2.50
Higher class	297000	291654	1.80

Source: Field survey

Figure 5: Reducation of expenditures on food across social classes



Middle class and Upper Middle class can sustain a bit longer compared to the earlier two groups with their savings enough to keep them up for some couple of months or even a year. But a longer period of pandemic situation than that can deplete all of their savings ultimately making them dependent on government aid and relief.

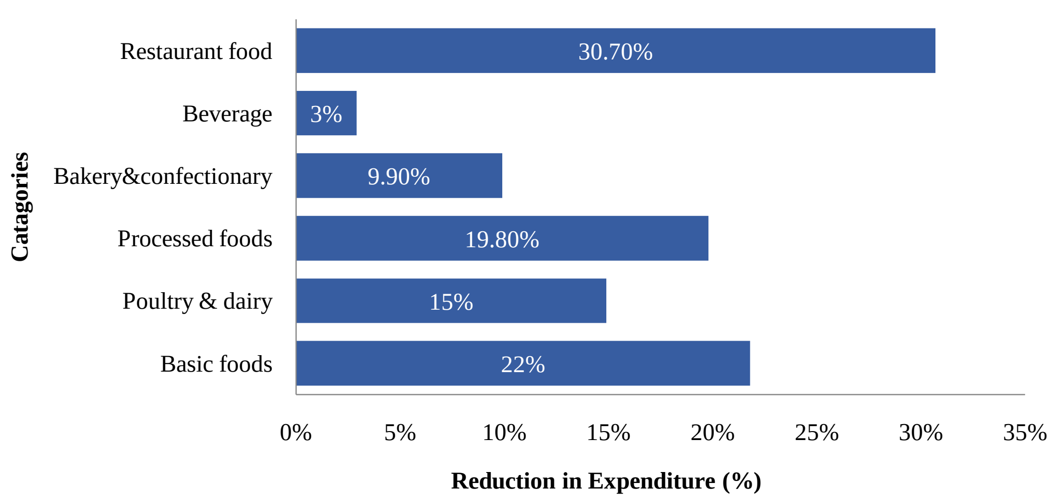
Table 4 and Figure 6 provide reduction of food expenditure across the different categories of food items. Reduction in consumption largely affects some categories of foods than the others and the study tried to estimate how consumers reduced their food consumption across various categories in response to their income reduction.

Table 4: Household consumption fall-down across categories

Categories	**Expenditure** *(pre-Covid-19) (Total)*	**Expenditure** *(during Covid-19) (Total)*	**Expenditure** *(reduction in %)*
Basic food	17830800	13908024	22.00
Restaurant food	1485900	1029729	30.70
Beverage food	8564400	830747	3.00
Bakery & confectionary food	1485000	1352835	9.90
Processed food	594360	476677	19.80
Poultry & dairy food	1483000	1260550	15.00

Source: Field Survey

Figure 6: Households' consumption falldown across different categories



The figure shows the percentage change in consumption across categories during the lockdown period. The study found that consumers who belong to the Middle class, Upper-Middle class, Upper or Higher class reduce their consumption of restaurant food by 30.70% which is the highest of all categories. Because in lockdown all the restaurants were closed to ensure social distancing to reduce the likelihood of more positive cases. Consumers lessened consumption of basic foods (Rice, Vegetables etc.) by 22% which is the second-highest. Consumers of the Below Lower class, Lower class, and Lower Middle class are mainly responsible for this reduction in this category of foods. As they mainly live on these foods, the decline in income compelled them to reduce consumption of those leaving no alternative for them. People of the Middle class, Upper-Middle class and Upper class are not responsible for the reduction in basic foods because of their higher income level they can effortlessly afford them. Consumers also minimize their processed food consumption and poultry food consumption by 19.80% & 15% respectively. The study also find that in lockdown situation consumers also had no other choice than to reduce bakery & confectionary consumption and beverage consumption by 9.9% & 3% respectively and such reduction occurred from the Below Lower class, Lower class, Lower-Middle class and middle class peoples' end. From the above analysis it can be said that the lockdown situation due to COVID-19 leaves a great impact on households' consumption behavior across categories especially in the case of the Below Lower class, Lower class and Lower-Middle class consumers. But this lockdown situation does not greatly impact the Upper-class people and has slight to mediocre impact on Upper-Middle class and Middle class people respectively.

Conclusion

Most of the people of the country are still poor with 21.8% of people living below the poverty line, who can't manage to buy food for more than three days if they cannot earn money (Asian Development Bank, 2020). The COVID-19 lockdown has made the situation much more severe by making them unable to earn money to afford their food. The study found three key results. First, a decline in income by 61.55% has substantially caused the consumption expenditures to fall by 66.82%. Second, the decline in income has mainly affected the consumption expenditures of the Lower class people of the society most, by 47%. Third, in lockdown Upper class, Upper-Middle class and Middle class people have been forced to reduce the consumption of Restaurant food most by 30.70% prior to lockdown and Recreation Industry has also been shaken by sector has also indicating that Restaurant business is undergoing a great crisis in this lockdown situation. As income declined due to the lockdown Below Lower class, Lower class and Lower-Middle class people became completely dependent on Government's aid and relief because their earning stopped due to the lockdown.

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Environmental Reporting Practices in Select Listed Companies in Nigeria: A Study

ILIYA GARBA*
AHMED BAKARI MAUDA †

Abstract

The study aims to identify the extent and types of environmental disclosures of public listed companies in Nigeria and to examine significant differences among the listed companies regarding the quality and quantity of such disclosures. Stakeholder and legitimacy theory was used for reporting environmental practices by reviewing 194 annual reports published in 2017-2018. The present study used descriptive statistics to study the characteristics of the research variables. Kruskal Wallis and Mann-Whitney tests were used to know whether there exist a significant differences among the listed companies regarding the quality of Quality of environmental disclosure. The study observed that 48% of the companies disclosed environmental information. Out of them 74% of the companies have been selected by using proportionate stratified random sampling. Results of the study indicate that companies disclosed more soft environmental information. Notably diversified companies disclose more environmental information followed by Banks, finance and insurance companies. The findings of the research could provide relevant insights both to the companies and government, the stakeholders and the regulators in order to device ways and means on how to move forward.

***Keywords**: Voluntary, Nigeria, Environmental Reporting*

***JEL Classification:** E01*

Introduction

Environmental issues are discussed as major aspect around the world because people believe their main concern is to protect the environment even at the expense of economic growth. Moreover, Earth Summit, Stakeholder Forum and Kyoto protocol are other attempts of the global community to protect the declining earth. As a result, most of the companies involve environmental performance and voluntarily disclose environmental information in their annual report, website, etc.

In this context, Nigeria is also not exceptional. Nigeria has undergone rapid industrialization since the early 1980s and the per capita income has almost double from 2006 to 2011 (Central Bank, 2011). Hydroelectricity, provided 70% of the country's electricity needs between 2000-2018, and this share has now been reduced to around 20%

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due to increased energy demands for households and emerging industries. Thermal power generation stood at around 80% in 2017 (Ileperumu, 2000). At the same time, petroleum consumption too has increased by 80% from 2002 to 2017 owing to the increased number of vehicle and power generation. According to Central Bank report (2016), the economy has also grown to 8.3% in 2017, which was the highest in Nigeria after independence and maintaining a growth rate more than 8% for the first time in two consecutive years. The result of this type of economic development may increase environmental pollution in Nigeria as Elijido-Ten (2009) indicated that rapid economic growth comes the price of environmental degradation as a downside to industrialization.

Therefore, Nigeria government implemented several policies by enacting acts to look after companies' activities for protecting environmental pollution. But, it is not mandatory to disclose companies' environmental performance via annual report or other media as the Government does not regulate laws relating to environment reporting. That is government does not have any special standard regarding environmental disclosures (Owolabi, 2008) whereas, Ibanichuka & James (2014) confirms that voluntary environmental reporting emerges in Nigeria.

Reports have indicated that users experience difficulties to cross-check the accuracy of the environmental information provided in the Annual Reports of listed companies under discussion. In developed countries, public access to specific information of corporate performance is available like the actual pollution discharge data from the US Environment Protection Agency's Toxic Release Inventory (TRI). However, this type of information is not publicly available in Nigeria. In addition, letters of warning, penalties, and court sanctions pertaining to environmental activities, which were issued to companies, are also unavailable to public. This implies that the general public has no way of accessing the information relating to the environmental performance of Nigeria companies unless voluntarily provided by those firms. It is questionable that variation in reporting practices due to lack of proper reporting regulations confuse the stakeholders to rely solely on the information provided by the companies for making decisions. This research study was necessitated to fill these gaps and therefore, contribute to the existing literature and academic knowledge in the focus area.

Theoretical Background of the Legitimacy theory

The theoretical perspective of this study is grounded under legitimacy theory. According to Suchman (1995), Legitimacy theory has become one of the most cited theories within the social and environmental accounting area. Legitimacy theory, at its simplest, argues that organizations can only continue to exist if the society in which they are based perceives the organization to be operating to a value system which is commensurate with the society's own value system which includes sustainable greener future (Gray, Kouhy, & Lavers, 1995). This theory is relevant for this study as it requires organization to account for environmental impacts which are associated with action of organizations. Therefore, in order to continue operating successfully, organizations must act within the bounds of what society identifies as socially acceptable behavior.

Wilmshurst & Frost (2000) believe that legitimacy theory provides an explanation for the management's motivation to reveal environmental information within the annual report. The Legitimacy theory further, states that organizations continually seek to ensure that they are perceived as operating within the bounds and norms of their respective societies (Lindblom, 1994). These bounds and norms are not considered to be fixed, but change over time (Islam & Deegan, 2008). Dowing & Pfeffer (1975) indicate that communication plays instrumental role to ensure legitimacy. The communication takes form of annual or environmental report and website disclosure. Legitimacy provides a general framework in which to examine how a firm responds to its environment and society. However within that society there are many groupings of individuals which are called as stakeholders (Cornier & Magnan, 2004).

Literature Review

Environmental accounting is "covering all areas of accounting that may be affected by the business response to environmental issue" (Gray & Bebbington, 2001). Berthelot, Cornier, & Magnan (2003) defined environmental disclosure as "the set of information items that relate to a firm's past, current and future environmental management activities and performance". The present study has reviewed the existing literatures under the two broad categories: Quantity and quality of environmental disclosures. Quantity deals with 'how much is being disclosed' (Raar, 2007 cited in Alrazi, Villiers, & Staden, 2010). Quantity of environmental reporting is measured using number of words or number of sentences or number of pages or line counts or number of theme occurrence. Number of Sentences is better than words as sentence has clear meaning and reduces the subjectivity involved in interpretation of the environmental facts (Elijido-Ten, 2009). On the other hand, quality of reporting means type of data disclosed such as evidence (monitory, quantitative or declarative), news type (positive, negative or neutral) (Gray, Kouhy, & Lavers, 1995). It deals with 'what is being reported' (Darrell & Schwartz, 1997 sited in Alrazi, Villiers, & Staden, 2010) and 'how the information is measured' (Raar, 2007 cited in Alrazi, Villiers, & Staden, 2010).

KPMG (2011) has studied 3,400 companies about corporate responsibility (CR) reporting from 34 countries around the world including the largest 250 global companies based on fortune global 500 ranking. It has been reporting once in three years gap since 1993. According to the studies of KPMG, extent of CR (social and environmental) reporting has been increased to 100%, 99%, 94%, 83% and 759% in 2011 comparing with 91%, 93%, 59%, 74% and 62% of companies in 2018 in Unite5d Kingdom, Japan, France, United States America and Canada respectively, among othe555555rs.

In United States, Razzed (2010) studied pattern of environmental disclosure (20 disclosures items) in internet verses annual report over the year 2000, 2004, 2008 in 102 listed companies. The study found that environmental disclosure has increased on the internet while it has decreased in the annual report. But, in the case of Australia, amount of environmental disclosures was higher than USA, Canada and UK in 1995 (Gibson & Guthrie, 1995) whereas its place was 23rd among the 3,400 companies in 2011 (KPMG, 2011). Industry specific study of mining companies in Australia, Tilt & Symes (1999) also affirmed that amount of environmental information increased due to environmental sensitive industry.

Nyahas, Ntayi, Kamukama, & Munene (2018) analyzed environmental disclosures in website as well as annual report of top 45 Indian companies as on 31 December, 2016. Out of the 45 companies, only 23 companies have disclosed environmental information in the website which range from 1 sentence to 129 sentences and average was 20 sentences. Moreover, there were significant differences among the companies regarding volume of the disclosure. Notably, diversified companies disclosed more information, which contrasts to the findings of Ahmed & Sulaiman (2004) that industrial sector, disclosed more environmental information. Of these 29 companies, 10 companies did not provide any environmental information in the annual reports. These 19 corporations issued the average of 14 sentences and ranged from 2 sentences to 41 sentences in annual report of 2003 – 2004. The reason to non-disclosing in annual report was to minimize printing cost. Elijido-Ten (2009) as cited in Ibanichuka & James (2014), examined quantity of environmental disclosure of companies' 2001 annual reports in Malaysia. The study reported that quantity of environmental disclosures ranged from 0 to 95 sentences with average 16.37 and median 9 sentences.

In Nigeria, Owolabi, (2008) found 44% of sample companies disclosed environmental information as the responsibility to protect the physical environment which may be affected by their operations. In addition, the study indicated that most of the companies disclosed qualitative information and this information was not sufficient to make better decision relating to environmental issues of the firm i.e. "disclosures seem to be self laudatory statements rather than qualitative information" (Owolabi, 2008). This result is consistent with the findings of Ranjani (2014). This study found that out of 34 companies, 11 companies (32% of sample) have provided some form of social and environmental reporting where just only 2 companies have presented sustainable report. The study revealed that environmental performance indicator was the least disclosed area (12%) out of three performance indicators (environment, social and economic). In respect of Quantity of environmental disclosures, performance of developed countries is better than developing countries.

Clarkson, Li, Richardson, & Vasvari (2008) studied environmental disclosures drawing from sample of 191 US firms and found positive association between environmental performance and level of discretionary environmental disclosures. Cornier & Magnan (2004) measured quality of environmental report using index of six categories in 41 North American and European companies representing seven industries The study found mean of environmental disclosures was about 86 with a range from 4 to 205. In the categories mean value of law and regulation was 3.71 as lowest and highest for environmental management was with mean 86.

Chatterjee & Mir (2008) opined that Indian companies do not disclose any bad news in the annual as well as website. Elijido-Ten (2009) used content analysis to investigate

Malaysian environmental disclosures employing 2001 annual report and stakeholder theory. The study found that quality of environmental disclosure ranged 0 to 22 with an average 6.58 where a firm could be able to get maximum number of 54. The overall quality of environmental disclosure was found low. According to the study of Owolabi (2008) and Ranjani (2014), quality of environmental disclosure is poor in Nigeria when compared with developed countries. Ranjani (2014) indicated quality of report was C level which is minimum level according to the GRI guideline.

Research Questions

Based on the above empirical observations and theoretical rigor the study has formulated the following research questions:

1. What is the current environmental disclosure reporting practice of public listed companies in Nigeria?
2. How does the quality and quantity of such disclosure impact on the environment?

Objectives of the Study

1. To identify the extent and types of environmental disclosures of listed companies in Nigeria.
2. To examine significant differences among the listed companies regarding the quality and quantity of such disclosures.

Hypotheses of the Study

H_0: There are no significant differences among the listed companies regarding the level of quality as well as quantity of environmental disclosures.
H_1: There are significant differences among the listed companies regarding the level of quality as well as quantity of environmental disclosures.

Methodology of the Study

Table 1 depicts that out of 194 companies, 133 (47%) companies disclose environmental information. Out of them 99 companies were selected by using proportionate stratified random sampling according to business sector as a sample to carry out the present study. Sample size is determined based on the table of sample size for a giving population size (Krejcie & Morgan, 1970 cited in Nyahas, Ntayi, Kamukama, & Munene, 2018). When companies are selected as a sample by using proportionate stratified random sampling, selected sample companies are less than five in some sectors due to less number of companies disclose environmental information in that sector. However, minimum five companies are required to run Kruskal Wallis in each sector. Therefore, those sectors having sample size less than five are grouped and named as other sector. Quality of environmental disclosures is measured by using index of Clarkson (2008). Quality of environmental disclosure classified into two categories: hard (A1-A3) and soft (A4-A6). Quality of environmental disclosures was measured using number of sentences. In cases where tables or figures are provided, each figure and description is considered as one sentence. Moreover, descriptive statistics of data were performed to identify the main characteristics of the research variables. Kruskal Wallis and Mann-Whitney tests were used to test the significant differences among the listed companies with regard to the quality and Quality of environmental disclosure.

Table 1: Population and Sample

Type of the sector	**No. of Companies**	**No. of companies disclosed environmental information**	**Sample**
Bank, Finance and Insurance	41	32	24
Beverage Food and Tabacco	20	14	11
Diversified holdings	18	12	9
Hotels and Travels	16	9	7
Manufacturing	26	19	14
Oil and Gas	19	16	12
Others	54	31	22
Total	**194**	**133**	**99**

Source: Nigeria Stock Exchange, 2018

Analysis and discussion

According to Table 2, mean value of total quality of environmental disclosure is 12.61 out of total value of 88 and standard deviation is 10.77. Mean value of hard disclosure is 7.65 out of 72 total hard score whereas mean value of soft disclosure is 4.96 out of 16 total soft disclosures. This is around 31% of total soft disclosures. It indicates most of the companies disclose soft items more than hard items. Quality of environmental information is still in low level in Nigeria as indicated by Adeolop (2011). This finding is consistent with the finding of Clarkson Li, Richardson, & Vasvari (2008). Further, it shows that average quantity of environmental disclosure is 61 with standard deviation 70.89.

Table 2: Quality and Quantity of Environmental Disclosure

Disclosure items	**Quality of Environmental Disclosure**		**Quantity of Environmental Disclosure**	
	Mean	**SD**	**Mean**	**SD**
Hard disclosure	7.65	8.38	37.18	51.46
Soft disclosure	4.96	2.99	23.82	23.36
Total disclosure	12.61	10.77	61	70.89

Source: Survey data, 2018

Table 3: Quality and Quantity of Hard Environmental Disclosure

Disclosure items (Numbers given in brackets are maximum score for quality of environmental disclosures in each elements)	**Number of disclosing companies**	**Quality of environmental disclosure**		**Quantity of environmental disclosures**	
		Mean	**SD**	**Mean**	**SD**
(A1) Governance structure and management system (max score is 6)	--	1.13	1.35	3.27	5.14
1. Existence of a department for pollution control and/or management positions for environmental management (0-1)	18	0.18	0.39	0.53	1.64
2. Existence of an environmental and/or public issues committee in the board (0-1)	11	0.11	0.32	0.24	0.85
3. Existence of terms and conditions applicable to suppliers and/or customers environmental practices (0-1)	9	0.09	0.29	0.37	1.46
4. Stakeholders involvement in setting corporate environmental policies (0-1)	34	0.34	0.48	1.05	2.31
5. Implementation of ISO14001 at the plant and/or firm level (0-1)	25	0.25	0.44	0.73	1.92
6. Executive compensation is linked to environmental performance (0-1)	15	0.15	0.36	0.35	1.00
(A2) Credibility (max score is 9)	--	1.16	1.56	4.77	10.60
1. Adoption of GRI sustainability reporting guidelines (0-1)	34	0.34	0.48	0.95	1.70
2. Independent verification/assurance about environmental information disclosed in the environment performance report/web (0-1)	11	0.11	0.32	1.48	7.83
3. Periodic independent verification/ audits on environmental performance and/or system (0-1)	2	0.02	0.14	0.03	0.17
4. Certificate of environmental program by independent agencies (0-1)	25	0.25	0.44	1.06	3.56
5. Product Certificate with respect to environmental impact (0-1)	8	0.08	0.27	0.32	1.11
6. External environmental performance awards and/or inclusion in a sustainability index (0-1)	13	0.16	0.45	0.48	1.86
7. Stakeholder involvement in the environmental disclosure process (0-1)	7	0.07	0.26	0.12	0.59
8. Participation in industry specific association/initiatives to improve environmental practices (0-1)	5	0.05	0.22	0.22	1.00
9. EPI on compliance performance (e.g. exceedances, reportable incident) (0-1)	16	0.20	0.53	0.35	1.02
(A3) Environmental spending (max score is 3)	--	0.28	0.67	0.69	2.27
1. Summary of Naira savings arising from environment initiatives to the company (0-1)	4	0.04	0.20	0.16	1.04
2. Amount spent on technologies, rand D and/or innovations to enhance environmental performance and or efficiency (0-1)	10	0.12	0.39	0.36	1.64
3. Amount spend on fines related to environmental issue (0-1)	10	0.12	0.41	0.16	0.77

Source: Survey data, 2018

In Table 3, it is noted that 34% of sample companies adopt GRI sustainability guidelines and 25% of companies implemented ISO. Similarly, 34% of companies discussed with stakeholders in setting corporate environmental policies.

Table 4: Quality and Quantity of Soft Environmental Disclosure

Disclosure items (Numbers given in brackets are maximum score for quality of environmental disclosures in each elements)	**Number of disclosing companies**	**Quality of Environmental Disclosure**		**Quantity of Environmental Disclosures**	
		Mean	**SD**	**Mean**	**SD**
(A4) Vision and Strategy claims (max score is 6)	--	2.68	1.78	12.33	12.65
1. CBO statement on environmental performance in letter to shareholders and /or stakeholders (0-1)	68	0.69	0.47	1.98	2.36
2. A statement of corporate environmental policy, values and principles, environmental codes of conduct (0-1)	78	0.89	1.11	4.86	6.91
3. A statement about formal management system regarding environmental risk and performance (0-1)	56	0.57	0.50	3.37	5.27
4. A statement that the firm undertake periodic reviews and evaluating its environmental performance (0-1)	9	0.09	0.29	0.42	1.60
5. A statement of measurable goals in terms of future and environmental performance (if not awarded under A3) (0-1)	28	0.28	0.45	0.94	2.46
6. A statement about specific environmental innovations and/or new technologies (0-1)	16	0.16	0.37	0.76	2.76
(A5) Environmental profile (max score is 4)	--	1.52	1.06	7.13	8.33
1. Existence of a department for pollution control and/ or management positions for environmental management (0-1)	18	0.18	0.39	0.53	--
2. Existence of an environmental and/or public issues committee in the board (0-1)	11	0.11	0.32	0.24	--
3. Existence of terms and conditions applicable to suppliers and/or customers regarding environmental practices (0-1)	9	0.09	0.29	0.37	--
4. Stakeholders involvement in setting corporate environment policies (0-1)	34	0.34	0.48	1.05	--
5. Implementation of ISO14001 at the plant and/or firm level (0-1)	25	0.25	0.44	0.73	--
6. Executive compensation is linked to environmental performance (0-1)	15	0.15	0.36	0.35	--
(A6) Credibility (max score is 9)	--	1.16	1.56	4.77	--
1. Adoption of GRI sustainability reporting guidelines (0-1)	34	0.34	0.48	0.95	--
2. Independent verification/assurance about environmental	11	0.11	0.32	1.48	--

Source: Survey data, 2018

From Table 4, it is noted that a statement of corporate environmental policy, values and principles and environmental codes of conduct is disclosed by 78 companies. On the other hand, none of the companies in Nigeria discloses existence of response plans in case of environmental accidents. Moreover, less than five companies disclose the following elements:

1. Periodic independent verifications/audits on environmental performance and/or systems.
2. Summary of rupees savings from environmental initiatives to the company.
3. Periodic independent verifications/audits on environmental performance and/or system.
4. An overview of corporate environmental performance relative to industry peers.
5. Internal environment awards.
6. Internal certification of environmental programs.

Even though 25 companies have gotten certification for environmental performance and 11 companies have been certified for independent verification/audits of reporting, they did not carry out periodic independent verifications/audits on environmental performance except 2 companies.

Hypothesis testing

Six Kruskal Wallis tests are conducted about quality as well as quantity of environmental disclosures relating to hard, soft and total disclosure among the listed companies. Table 6 provides results of Kruskal Wallis tests. These results reveal that there exist a significant difference among listed companies regarding quality of hard environmental disclosure, quality of total environment disclosure, quantity of hard environmental disclosure, quantity of soft environmental disclosure and quantity of total environmental disclosure at significance level of 0.05. On contrast, there is no significant difference among the listed companies regarding the quality of soft environmental disclosure at significance level of 0.05. This finding implies that non-environmental protecting companies may disclose soft environmental information as they committed to protect the environment. At the same time, quantity of soft environmental disclosure found to be significant which indicates that poor environmental performing companies may report less environmental information or number of sentences than good environmental performing companies.

Table 5: Kruskal Wallis Test

Kruskal Wallis Test	Quality of hard disclosure	Quality of soft disclosure	Quality of total disclosure	Quantity of hard disclosure	Quantity of soft disclosure	Quantity of total disclosure
Chi-Square	13.56	11.05	13.75	14.13	16.83	15.39
Asymp sig	0.035	0.087	0.033	0.028	0.010	0.017

Source: Survey data, 2018

Table 6: Sector Wise Mean ranking of quality and quantity of Environmental Disclosure

Sectors	No	Total hard quality disclosure	Total soft quality disclosure	Total quality disclosure	Total hard quantity disclosure	Total soft quality disclosure	Total quality disclosure
Bank, Finance, Insurance	24	60.50	55.54	59.71	59.52	63.62	61.85
Beverage Food and Tabacco	11	37.68	33.00	35.27	35.73	36.23	35.73
Diversified holding	9	65.61	65.72	66.28	66.78	68.50	66.83
Hotels and Travels	7	55.21	56.71	56.29	52.86	46.43	50.36
Manufacturing	14	33.93	38.36	34.79	32.36	33.36	32.46
Oil and Gas	12	42.00	45.17	42.46	46.42	45.58	45.83
Others	22	51.25	53.93	51.91	52.16	48.59	50.64

Source: Survey data, 2018

Table 6 presents sector wise mean ranking of quality and quantity of environmental disclosure. The table shows that diversified companies and bank, finance and insurance companies significantly differ from manufacturing and beverage food and tobacco companies.

The variation of the environmental disclosures among the companies may affect the companies' legitimacy in a society. If the disclosures are not met expectations of society, social contract may affect and consequently society may react negatively to the companies. Consequently, company's stakeholders may reassess the relationship with the firm and react negatively such as people may strike, customers may not buy company's products or services, government may fine and temporally suspend the operation of the company, etc. These actions will lead management to reassess the disclosure in coming years.

Conclusion

Numbers of companies disclosed environmental information has been increasing in Nigeria. However, companies disclosed more soft environmental information than hard environmental information in annual report published in 2017/2018. Notably, diversified companies disclose more environmental information in Nigeria followed by bank, finance and insurance companies. Further, it is noted that diversified and bank, finance and insurance companies significantly differ from manufacturing and beverage food and tobacco companies regarding quantity as well as quality of hard, soft and total environmental disclosures disclosure. The study shows that companies maintain the link with stakeholders for managing them in respect of environmental activities. Thus, the present study concludes that companies legitimate their activities to society by reporting environmental performance to various stakeholders. If the disclosures are not met expectation of society, social contract may affect and consequently stakeholders might reach negatively to the companies. Such action would lead management to reevaluate the environmental disclosure in future.

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A Comparison of Service Quality Gap in State Bank of India and United Bank of India

DR. BISWAJIT PAUL*

Abstract

The present study aims to make a comparative analysis of the service quality gap of two public sector banks i.e. State Bank of India (SBI) and United Bank of India (UBI) in Cachar district of Assam. In order to attain the objectives of the study mean score of both expectation and perception of the customers has been computed and Gap has been calculated following the methodology of SERVQUAL model. For testing the hypotheses, distribution free non-parametric test i.e. Mann Whitney test has been applied. The study concludes that none of the banks could meet the expectations of their customers regarding any of the five select dimensions of service quality. However, there exist significant difference between SBI and UBI in the gap at 5% level of significance with respect to responsiveness, assurance and empathy dimensions of service quality.

***Keywords**: Service Quality Gap, State Bank of India, United Bank of India, SERVQUAL model*

***JEL Classification:** G21, M30, M31*

Introduction

The element of competition prevailing in the banking industry owing to the rapid technological change has made it considerably important for banks to measure and evaluate the quality of service encounters (Brown & Bitner, 2007). The increased level of awareness among bank customers about their rights, changing demands and high competition requires constant progress in service quality from the bank for their customers (Nabi, 2012). Under the changed situation of Indian banking sector in the current millennium characterized by highly competitive market and consumer sovereignty, public sector banks are expected to reorient their policies in favour of customers, so that they can meet the evolving expectations of their existing customers by giving persistent efforts in making qualitative improvement in their delivery of services (Adhikari & Paul, 2015).

The provision of high service quality by a bank is necessary in meeting several requirements, such as, customer satisfaction and its consequent loyalty, attracting new customers and thereby helps in increasing the market share and profitability of a bank (Kumari & Rani, 2011). Deliverance of quality services by a bank makes it easy for the customers to retain their relationship with the bank.

Review of Literature

Meenakumari (2008) revealed that none of the different categories of Indian banks met the expectation of customers and responsiveness dimension with highest negative gap

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while assurance dimension with lowest gap. Mualla (2011) found that out of five dimensions of service quality, tangibility dimension showed maximum negative gap followed by empathy, assurance, responsiveness and reliability dimensions. Devi & Ramburuth (2012) observed negative gap for all the five service quality dimensions, namely, tangibility, empathy, assurance, responsiveness and reliability. Banerjee & Sah (2012) observed lower service gap scores for private sector banks in comparison to public sector banks for the dimensions, such as, tangibility, reliability, responsiveness and empathy but the score for assurance dimension was lower in case of public sector banks. Nair & Nair (2013) revealed negative service gap in case of all the five dimensions of service quality as neither the private sector banks nor the public sector banks had been able to meet the expectation of customers over any of the select dimensions, namely, tangibility, empathy, assurance, responsiveness and reliability. Paul & Adhikari (2017) found that both the banks i.e. SBI and UBI were not able to fulfill the expectation of their customers. However, out of the five dimensions of service quality highest negative gap had been observed with respect to responsiveness dimension in case of both the banks.

The above review of literature states that reliability, tangibility, responsiveness, assurance and empathy dimensions largely affect the service quality of banks. Thus, the said five dimensions have been selected for the present study.

Objectives of the Study

1. To make a comparative analysis of gap in select dimensions of service quality of State Bank of India and United Bank of India in Cachar District of Assam.
2. To make a comparative analysis of gap in overall service quality of State Bank of India and United Bank of India in Cachar District of Assam.

Hypotheses of the Study

1. SBI and UBI in Cachar district of Assam do not differ significantly with respect to gap in select dimensions of service quality.
2. SBI and UBI in Cachar district of Assam do not differ significantly with respect to gap in overall service quality.

Data Source and Methodology

The present study calls for collection of primary data and the population of the study includes customers from the branches of State Bank of India (SBI) and United Bank of India (UBI) operating in Cachar district of Assam. The sample size for the present study is 72 customers taking 36 customers from four (04) branches of SBI and another 36 customers from four (04) branches of UBI operating in Cachar district of Assam. The survey instrument of the study has been designed with 26 statements for both expectation and perception of customers. Out of the 26 statements, 24 statements have been grouped under five dimensions of service quality (reliability, tangibility, responsiveness, assurance and empathy) and 2 statements have been used to record the responses of customers on overall service quality. A numerical scale ranging from Strongly Disagree (1) to Strongly Agree (5) has been used to record the responses of customers.

Gap in the dimensions of service quality and overall service quality has been computed using the methodology of SERVQUAL model (Parasuraman, Zeithaml, & Berry, 1985).

Gap = Perception of Customers (P) – Expectation of Customers (E)

In the present study, the terms 'gap in overall service quality' and 'overall service quality gap' have been interchangeably used. Negative gap scores imply that the customers' perceptions are less than their expectations and positive gap scores imply that the customers' expectations are less than their perceptions. Distribution free non-parametric test, such as, Mann Whitney test has been employed to test the hypotheses of the study.

Data Explanation

Table 1 shows the expectation of customers, perception of customers and gap between perception and expectation of customers of SBI and UBI with respect to reliability dimension of service quality.

Table 1: Reliability Dimension of Service Quality of SBI and UBI

Bank	**Expectation (E)**	**Perception (P)**	**Gap (P-E)**	**Mann Whitney U Value**	***p value***
SBI	4.9500	3.7389	-1.2111	496.500	0.086
UBI	4.8500	3.9056	-0.9444		

Source: Field Survey

It can be seen from Table 1 that both the banks have negative gap which makes it clear that none of the banks are able to meet the expectation of their customers regarding reliability dimension of service quality. However, the negative gap is more in SBI (-1.2111) as compared to UBI (-0.9444). The mean score for expectation of customers is higher in SBI (4.9500) as compared to UBI (4.8500). But the mean score for perception of customers is comparatively higher in UBI (3.9056) than that of SBI (3.7389).

The computed Mann Whitney U value is 496.500 and its corresponding p value is 0.086 which is greater than 0.05. Thus, it implies that at 5% level of significance there is no statistical evidence for significant difference between SBI and UBI in Cachar district of Assam with respect to gap in reliability dimension of service quality.

Table 2 depicts the expectation of customers, perception of customers and gap between perception and expectation of customers of SBI and UBI with respect to tangibility dimension of service quality.

Table 2: Tangibility Dimension of Service Quality of SBI and UBI

Bank	**Expectation (E)**	**Perception (P)**	**Gap (P-E)**	**Mann Whitney U Value**	***p value***
SBI	4.5278	3.9931	-0.5347	624.500	0.790
UBI	4.4931	3.8889	-0.6042		

Source: Field Survey

It can be seen from Table 2 that both the banks have negative gap which makes it clear that none of the banks are able to meet the expectation of their customers regarding tangibility dimension of service quality. However, the negative gap is more in UBI (-0.6042) as compared to SBI (-0.5347). The mean score for expectation of customers is higher in SBI (4.5278) as compared to UBI (4.4931). Similarly, the mean score for perception of customers is comparatively higher in SBI (3.9931) than that of UBI (3.8889).

The computed Mann Whitney U value is 624.500 and its corresponding p value is 0.790 which is greater than 0.05. Thus, it implies that at 5% level of significance there is no statistical evidence for significant difference between SBI and UBI in Cachar district of Assam with respect to gap in tangibility dimension of service quality.

Table 3 shows the expectation of customers, perception of customers and gap between perception and expectation of customers of SBI and UBI with respect to responsiveness dimension of service quality.

Table 3: Responsiveness Dimension of Service Quality of SBI and UBI

Bank	Expectation (E)	Perception (P)	Gap (P-E)	Mann Whitney U Value	*p value*
SBI	4.8778	3.2278	-1.6500	436.000	0.016
UBI	4.8444	3.6333	-1.2111		

Source: Field Survey

It can be seen from Table 3 that both the banks have negative gap which makes it clear that none of the banks are able to meet the expectation of their customers regarding responsiveness dimension of service quality. However, the negative gap is more in SBI (-1.6500) as compared to UBI (-1.2111). The mean score for expectation of customers is slightly higher in SBI (4.8778) as compared to UBI (4.8444). But the mean score for perception of customers is comparatively higher in UBI (3.6333) than that of SBI (3.2278).

The computed Mann Whitney U value is 436.000 and its corresponding p value is 0.016 which is less than 0.05. Thus, it implies that at 5% level of significance there is statistical evidence for significant difference between SBI and UBI in Cachar district of Assam with respect to gap in responsiveness dimension of service quality.

Table 4 depicts the expectation of customers, perception of customers and gap between perception and expectation of customers of SBI and UBI with respect to assurance dimension of service quality.

Table 4: Assurance Dimension of Service Quality of SBI and UBI

Bank	Expectation (E)	Perception (P)	Gap (P-E)	Mann Whitney U Value	*p value*
SBI	4.8722	4.0278	-0.8444	444.500	0.021
UBI	4.8278	4.3444	-0.4834		

Source: Field Survey

It can be seen from Table 4 that both the banks have negative gap which makes it clear that none of the banks are able to meet the expectation of their customers regarding assurance dimension of service quality. However, the negative gap is more in SBI (-0.8444) as compared to UBI (-0.4834). The mean score for expectation of customers is slightly higher in SBI (4.8722) as compared to UBI (4.8278). But the mean score for perception of customers is comparatively higher in UBI (4.3444) than that of SBI (4.0278).

The computed Mann Whitney U value is 444.500 and its corresponding p value is 0.021 which is less than 0.05. Thus, it implies that at 5% level of significance there is statistical evidence for significant difference between SBI and UBI in Cachar district of Assam with respect to gap in assurance dimension of service quality.

Table 5 shows the expectation of customers, perception of customers and gap between perception and expectation of customers of SBI and UBI with respect to empathy dimension of service quality.

Table 5: Empathy Dimension of Service Quality of SBI and UBI

Bank	**Expectation (E)**	**Perception (P)**	**Gap (P-E)**	**Mann Whitney U Value**	***p value***
SBI	4.7111	3.8278	-0.8833	445.000	0.022
UBI	4.3778	3.8222	-0.5556		

Source: Field Survey

It can be seen from Table 5 that both the banks have negative gap which makes it clear that none of the banks are able to meet the expectation of their customers regarding empathy dimension of service quality. However, the negative gap is more in SBI (-0.8833) as compared to UBI (-0.5556). The mean score for expectation of customers is higher in SBI (4.7111) as compared to UBI (4.3778). Similarly, the mean score for perception of customers is slightly higher in SBI (3.8278) as compared to that of UBI (3.8222).

The computed Mann Whitney U value is 445.000 and its corresponding p value is 0.022 which is less than 0.05. Thus, it implies that at 5% level of significance there is statistical evidence for significant difference between SBI and UBI in Cachar district of Assam with respect to gap in empathy dimension of service quality.

Table 6 depicts the expectation of customers, perception of customers and gap between perception and expectation of customers of SBI and UBI with respect to overall service quality.

Table 6: Overall Service Quality of SBI and UBI

Bank	**Expectation (E)**	**Perception (P)**	**Gap (P-E)**	**Mann Whitney U Value**	***p value***
SBI	4.5694	3.3333	-1.2361	558.000	0.302
UBI	4.8750	3.3611	-1.5139		

Source: Field Survey

It can be seen from Table 6 that both the banks have negative gap which makes it clear that none of the banks are able to meet the expectation of their customers regarding overall service quality. However, the negative gap is more in UBI (-1.5139) as compared to SBI (-1.2361). The mean score for expectation of customers is higher in UBI (4.8750) as compared to SBI (4.5694). Similarly, the mean score for perception of customers is slightly higher in UBI (3.3611) as compared to that of SBI (3.3333).

The computed Mann Whitney U value is 558.000 and its corresponding p value is 0.302 which is greater than 0.05. Thus, it implies that at 5% level of significance there is no statistical evidence for significant difference between SBI and UBI in Cachar district of Assam with respect to gap in overall service quality.

Conclusion

Service quality is considered to be an essential element for a banking business with the help of which a bank can gain a competitive advantage over its rivals in this highly competitive arena. It can best be judged by comparing the expectations of customers with their experiences about the services offered by the banks. Deliverance of quality services enables a bank to maintain a sustainable relationship with its customers which ultimately leads to enhanced profitability. It makes a bank highly recognized by the people of the society and thereby increases the number of potential customers of the bank. The present study concludes that both the banks are not able to meet the expectation of their customers and the bank management need to formulate necessary plans and policies to reduce the gap in all the select dimensions of service quality. However, at 5% level of significance, there exists significant difference between SBI and UBI in the gap with respect to responsiveness, assurance and empathy dimensions of service quality.

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Role of Microfinance Programs in Eradicating Social Exclusion- A Study on Indian States

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Abstract

The role of microfinance lies on the upliftment of socially and economically disadvantaged sections of the society by extending small savings, credit, insurance services to them. Consensus between exclusion and poverty has pointed out that lack of financial services is one of the principal constraints faced by the disadvantaged section of the population. In this paper an attempt has been made to analyze state specific progress under Microfinance over the years with econometric model. Since the microfinance programs are run by formal financial institutions with the help of SHGs, it is more likely that developed states having access to better formal financial institutions will have more Financial Inclusion through Microfinance programs. The papers tries to explore how much the backward states of India are getting benefits out of the Microfinance programs. For this, a linkage has been studied between Commercial Bank Network and number of Microfinance Institutions among the Indian States. The present paper attempts to analyze to what extent microfinance programs have succeeded towards ensuring equity in distribution of income or in reduction of poverty in the Indian states. The reason for regional disparity towards achievement of Financial Inclusion through Microfinance programs has also been explored in this study.

Keywords: *Exclusion, MFIs, Poverty, PCSDP, SHGs*

JEL Classification: *B23, G21*

Introduction

NABARD has defined microfinance as "provision of thrift, credit and other financial services and products of very small amounts to the poor in rural, semi-urban and urban provided to customers to meet their financial needs; with only qualification that (1) transactions value is small and (2) customers are poor". According to the United Nations, microfinance associations can be widely portrayed as provider of little scope financial services, for example, investment funds, credit and other fundamental financial services to poor and low-earning people. The expression "microfinance establishment" alludes to a wide scope of associations committed to offering these types of assistance and incorporates NGOs, credit associations, co-agents, private business banks, NBFCs and parts of State-possessed banks.

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The microfinance has developed because of the endeavors of devoted people and financial organizations to advance self-employment and add to destitution mitigation and arrangement of standardized savings. India has had the option to build up its own model of microfinance associations as investment funds and acknowledge bunches known as the Self Help Group (SHGs), which are bank-connected. A SHG is a gathering of around 20 individuals from a homogeneous class, who meet up for tending to their normal issues. SHG-Banking is a program that assists with advancing financial transactions between the formal financial framework in India containing public and private sector commercial banks, regional rural banks and cooperative banks with the casual SHGs as customers. SHGs utilize the pooled asset together with the outer bank advance to give interest-bearing credits to their members. Such advance gives extra liquidity or buying power for use in any of the borrower's production, investment, or consumption activities. SHG-Banking through SHGs and the current decentralized conventional financial system including a few associations for the formal and non-formal areas as banking accomplices take into account enormous scope effort of microfinance services to the poor in India. These financial services are made accessible with ease, are effectively open and adaptable enough to address needy individuals' issues.

An enormous number of the poor kept on staying outside the overlap of the conventional financial framework, despite the extension of the wide system of the sorted out financial framework profound into country zones. Market and the administration both neglected to give credit access to poor people. The disappointment of institutional activities and shortcomings of the exploitative casual arrangement of credit have brought forth Microfinance organizations. As Microfinance is the provision of loans and other financial services to the poor it leads in the financial development of the poor. Better access to formal financial institutions could help in removing the poverty and inequality problem because it will reduce the dependency of underprivileged and lower income group people on informal sources of credit. Besides, formal credit availability through self help groups will also encourage small entrepreneurs and underprivileged poor people for their prospects of initiating small business and hence would help in improving their standard of living and hence in reducing income inequality. Having this backdrop, the present study attempts to study the role of microfinance programs in eradicating social exclusion.

Literature Review

There are parcel of studies conducted on circumstance and difficulties of microfinance establishment over the world, however just hardly any examinations have been done on the related subject. In this context, Morduch & Rutherford (2004) advocated that the microfinance development coordinate the accommodation and adaptability of the informal sector, while adding reliability and the promise of continuity. Jayasheela, Dinesha, & Hans (2008) studied the role of microfinance in the strengthening of individuals and arrangement of reasonable credit accessibility to the rural low pay populace. The examination reads the open doors accessible for the microfinance foundations with an expanding interest for credit in the provincial regions because of lacking proper wellsprings of credit. Moses (2011) studied that micro finance has emerged as a catalyst of rural development, especially in the overpopulated country like India. Sarumathi & Mohan

(2011) found that microfinance brought psychological and social empowerment than economic empowerment. Effect of microfinance is considerable in strengthening. Effect of microfinance is obvious in bringing certainty, mental fortitude, expertise advancement and strengthening. Pareek (2011) considered that the microcredit movement has proved that it is possible to deliver financial services to poor people living in rural areas at a large scale, free from any reliance on subsidies. Raj (2011) stated that microfinance foundations have been demonstrated a significant financial wing to consolidate the poor in the financial segment. Presently on the other angle like the difficulties looked by the microfinance foundations, Badrudduza (2011) found the positive results shown by MFIs in many countries but still there are a number of challenges before the microfinance industry. Das, Srinivasan, & Kodamarty (2011) found that the microfinance delivery involves macro and micro challenges. The large scale difficulties looked by MFIs incorporate the unavailability of the micro finance services to the provincial poor, the capital deficiency of the MFIs, the demand supply rift in arrangement of microcredit and micro savings and the absence of ladies direction in advertising, assessment and conveyance of microfinance. The smaller scale difficulties incorporate the powerlessness to decrease the high exchange cost engaged with conveying microfinance, the non-accessibility of narrative proof and guarantee among larger part of country poor, trouble in diminishing the reliance of the rural poor on money lenders and in conclusion the issue of reimbursement following where loaning did not depend on narrative proof.

Objectives of the Study

1. To analyse to what extent microfinance programs have succeeded towards ensuring equity in distribution of income or in reduction of poverty in the Indian states.
2. To identify the challenges faced by the SHG Bank linked MFIs towards poverty reduction in some of the regions of India.

Methodology of the Study

The research is based on the study of region wise secondary data of all the States of India. The secondary data of Number of Bank Offices and total Number of Self help groups have been collected from official website of Reserve Bank of India and NABARD for the five years spanning from 2010-11 to 2014-15. MS Excel and Statistical package E-views have been utilized to run correlation and panel data regression analysis.

Panel data regression model has been applied to study the impact of loan disbursement by bank linked SHG's on income inequality across Indian states. Data for per capita state domestic product (pcdsp) has been considered as proxy of income inequality.

This simple panel data regression model can be expressed as

$pcsdp_{it} = \alpha + \beta\ loan_{it} + e_{it}$

Where,

i = Number of cross sectional units (state) = 1, 2, 3……………….31

t = Number of years = 1, 2, 3, 4, 5

Hence we have altogether 155 observations (it =155)

e is the disturbance term that is assumed to be independent and identically distributed .For the purpose of hypothesis testing we assume e_{it}as normally distributed.

Choosing between FEM and REM: Hausman Test

In general REM is considered suitable when number of cross sectional units is larger than number of time series observations which is valid for our case. However, selection between fixed effect model and random effect model has been performed more rigorously by applying Hausman test.

Random Effects Model (REM)

As Hausman Test concluded REM as suitable model for our observations, hence results are drawn on the basis of REM.

Under REM the individual effect (α_i) is a random variable with the mean value α_1 then the intercept of the ith cross sectional unit can be expressed as

$$\alpha i = \alpha 1 + ui$$

So REM is expressed as

$$pcsdp_{it} = (\alpha_1 + u_i) + \beta\ loan_{it} + e_{it}$$

$$= \alpha_1 + \beta\ loan_{it} + w_{it}$$

Where $w_{it} = u_i + e_{it}$ is the composite random error term that has two components.

(i) u_i :cross section or individual specific random component
(ii) e_{it} : combined time series or cross section random error component

Data Analysis

Table1: Correlation between Region wise No. of Bank Offices and Total No. of SHGs

Region	Correlation Value
Northern Region	0.57
North-Eastern Region	0.85
Eastern Region	0.80
Central Region	0.89
Western Region	0.92
Southern Region	0.31

Source: Status of Microfinance in India, NABARD, (2010-11 to 2014-15); Handbook of Statistics on Indian States, Reserve Bank of India, 2015-16

Table 1 provides correlation between region wise number of Bank Offices and Number of SHGs. The study has observed strong correlation between Number of Bank Offices and Number of SHGs in all the regions of India except Southern region. This result implies that states which are having more formal financial institutions are having more number of SHGs during the study period. Microfinance institutions expected to reach those areas where the formal banking system failed to reach and the poor people have to depend on the money-lenders in order to meet their financial requirements. However, many big

MFIs operate in those states where the banking network very strong. In the states like North Eastern region where bank branches are limited, the coverage of Microfinance through SHG Bank linkage programme is also limited. Hence, poorer states having less number of formal banking network have less access to microfinance through SHGs.

Table 2: State wise amount of Loan Disbursed

Sl No.	State	Total Amount of Loan Disbursed *(Rs)*
1	Andhra Pradesh	4449297.71
2	Tamilnadu	1461478.03
3	Karnataka	1307064.45
4	Telengana	549961.72
5	Kerala	504807.65
6	West Bengal	383162.49
7	Odisha	337291.97
8	Maharashtra	330079.79
9	Uttar Pradesh	228372.81
10	Bihar	169767.93
11	Rajasthan	107557.64
12	Assam	81762.48
13	Madhya Pradesh	79541.91
14	Gujarat	73235.86
15	Chhattisgarh	44449.84
16	Jharkhand	41822.93
17	Tripura	31692.06
18	Himachal Pradesh	25715.65
19	Haryana	24716.43
20	Uttarakhand	21931.88
21	Punjab	12755.22
22	Goa	9069.88
23	Jammu & Kashmir	3605.84
24	Chandigarh	3026.00
25	Nagaland	2537.15
26	Mizoram	2196.38
27	Meghalaya	1988.63
28	Manipur	1860.76
29	Delhi	1816.92
30	Sikkim	919.04
31	Arunachal Pradesh	903.68

Source: Computed

Table 2 presents performance of Indian states with regard to the disbursement of loan under SHG Bank linkage programme during the study period. It can observed from the table that Southern States like Andhra Pradesh, Tamil Nadu, Karnataka and Kerala have disbursed the maximum amount of loan through SHG Bank Linkage programme whereas North Eastern States are having the worst performance. The Northern region is having poor performance next to North Eastern region in terms of loan disbursement. West Bengal's performance is quiet good just next to Kerala.

Table 3: Results of Hausman test

Variable	**Fixed**	**Random**	**Var** (Diff.)	**Prob.**
LOAN	0.029438	0.021248	0.000387	0.6773

Source: Computed

Hausman presented in Table 3 where Chi-Sq. Statistic has been found statistically insignificant with p value of 0.677, confirms the acceptability of REM as a better regression model as compared to FEM. From the result of REM model, it has been observed that sign of coefficient of independent variable is positive (0.02). This implies that amount of loan disbursement by SHG's has positive impact on reduction of inequality across states. Hence bank linked SHG have positive role towards poverty elimination in India. However, it is not statistically significant at 5% level of significance.

Table 4: Result of Random Effect Regression Model

Dependent Variable: PCSDP

Variable	**Coefficient**	**Std. Error**	**t-statistic**	**p-value**
Constant	71385.48	6876.130	10.38164	0.0000
Loan	0.021248	0.024949	0.851662	0.3957

Source: Computed

Table 5: Cross Section Effects

Sl No.	**State**	**Effect**
1	Andhra Pradesh	-14812.38
2	Arunachal Pradesh	5910.540
3	Assam	-27692.52
4	Bihar	-39716.51
5	Chandigarh	-16024.25
6	Chhattisgarh	-16190.15
7	Delhi	104017.00
8	Goa	79083.24
9	Gujarat	859.1363
10	Haryana	42989.26
11	Himachal Pradesh	-6684.425
12	Jammu & Kashmir	-17645.28
13	Jharkhand	-26181.22
14	Karnataka	2460.347
15	Kerala	-3461.492

16	Madhya Pradesh	-23698.93
17	Maharashtra	29074.08
18	Manipur	-38152.13
19	Meghalaya	-13737.09
20	Mizoram	-19961.76
21	Nagaland	-755.4693
22	Odisha	-21238.46
23	Punjab	11623.65
24	Rajasthan	-10781.63
25	Sikkim	37149.47
26	Tamilnadu	21082.82
27	Telengana	10237.38
28	Tripura	-23627.17
29	Uttar Pradesh	-34481.90
30	Uttarakhand	20112.19
31	West Bengal	-9756.342

Source: Computed

Table 5 justifies the application of regression model with intercept since there is presence of cross section effects i.e. each state is having an individual intercept as shown in the table.

Challenges

Constraints in SHG Bank Linkage of poorer states in India:

1. Very high interest rates are charged by MFIs for their financial sustainability. As the poor, find it difficult to pay, MFIs failing to reduce poverty by serving the poor.
2. Client retention is an issue that creates a problem in growing the MFIs because people are not informed and educated about service and products provided by MFIs.
3. Large amount of loan default has discouraged the disbursement of loans in poor states in India.
4. Lack of literacy in poorer states especially in rural areas and language barriers make it difficult for MFIs employees to make the clients understand the policy related details, which creates an obstacle for them to reach the target population.
5. Geographical location is one the key reason for MFIs lagging behind in some of the far-flung areas because of inability to facilitate BPL population of the country due lack infrastructure in those areas.
6. High transaction cost, lack access to findings, ineffective loan collection methods, high probabilities of frauds are also some of the possible causes of failure of Microfinance programmes towards poverty alleviation in some states of India.

Constraints in SHG Bank linkage of North Eastern States in India:

1. Difficulty in linkage Self-help promoting institutes (SHPIs) still face a lot of difficulty in linking SHGs to banks. The bank staffs at the field level remains uncomfortable in dealing with SHGs. Due to this human resource misalignment, SHPIs face problems in opening bank account of SHGs and linking them to banks for credit. The problem is aggravated due to the low penetration of banks.
2. MFIs in Northeast face a lot of problems in raising funds. The region itself is considered high risk by the banks, the banking infrastructure is weak, and MFIs still do not have scales or systems to be attractive to banks. The level of underdevelopment is both a cause and a symptom of this problem.
3. Due to low population density, poor infrastructure, and the high diversity of local cultures, the cost of operations in Northeast is high. MFIs thus have difficulty breaking even, and are forced in some cases to pass on those costs in the form of high interest rates.
4. There has been a lack of a representative body for microfinance in Northeast to raise region-specific issues at the national level, to carry out policy advocacy and to mobilize the sector.
5. The low connectivity of the region in general and the physical isolation of some parts is a big constraint on outreach.
6. North-eastern region has many diverse traditional systems and even geographical conditions across different states. These make it difficult to replicate the successful initiatives of one state into another. Sometimes it is difficult even to replicate it within the state.

Suggestions

1. Since MFIs are largely regulated the state governments, a selective guideline is needed to manage to MFIs in India.
2. Ensure the nature of MFIs in a situation of exponential development. Because of the quick development of the SHG-Bank Linkage Program, the nature of MFIs has gone under pressure. This is reflected especially in pointers, for example, the poor upkeep of books and records and so forth.
3. Proper preparing for the customers ought to be sorted out in a proficient manner with the goal that they could know every single little thing about their obligation each little thing about their obligation.
4. Ensure the uniform appropriation of small scale financing in both rural and urban regions of every province of India.

Conclusion

From the study, it is concluded that that bank linked SHGs have prospered more in the states having more formal financial institutions. The reach of microfinance institutions are lagging behind in the states which are really needy, creating the regional imbalance.

However, loan disbursement by these microfinance institutions have played a positive role in poverty alleviation and enhancing the living standards of the poor. There are various state specific problems faced by SHG Bank linked MFIs towards reduction of poverty in poorer states of India, which has to be mitigated at the state level so that the MFIs can reach the really target and needy population.

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Digital Banking in India- Trends, Problems and Opportunities

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Abstract

Banking sector is passing through a shift from traditional branch banking to modern technology based branchless banking. The modern baking is fully digitalised and every banking service is available at the finger tip of the customers. Digital banking is the process of digitalisation of all the traditional banking services that were previously available inside the bank branches. People can deposit, withdraw and transfer money between accounts, check account balance and make bill payments etc through digital banking services without visiting the bank branches. People are adopting digital banking services to save their time and at the same time it helps to reduce the operational cost of bankers. The present paper is a study on the trends and the opportunities and problems in digital banking. Trend has been studied for the period from 2011-12 to 2018-19. The present study has observed the positive growth in digitalised banking services. Even though digital banking services are beneficial to the customers as well as banks, it has some challenges; like security problem, internal barriers, convenience sustainable competitive advantages etc.

Keywords: *Digital, Branchless, Cost, Opportunities, Challenges*

JEL Classification: **G21**

Introduction

Banks are the backbone of financial system and one of the major players in the context of economic development. Banking system in the country is operating in a competitive environment and most of the banks want to have a better position over other banks of the economy. Introduction of technology into the banking system has invigorated the degree of competition. Consequently, the banking system is gradually shifting from traditional branch banking to modern technology based branchless banking. Digital banking is the digitization of all the traditional banking activities and programs services that were historically available to customers when physically inside of a bank branch. This includes activities like withdraw money, transfer of money between accounts, bill payment, loan management etc (Proctor, 2020). Digitalization offers new opportunities for banks to place the customer at the centre of the development process. It helps the banks to increase

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their customer base by providing digitalised services at fingertips on anywhere at any time basis (Prasanth & Suthamadhi, 2018). Thus, it leads to improved customer services and customer satisfaction.

The period 1990 is marked as the introduction of internet which brought dramatic changes in the banking system. The online banking system helps the banks to cut down their operating cost and speed up their service delivery. The ATM cards and credit cards are considered as the pioneers in digital banking. The efforts in the area of digitalisation of banking have been proved to be beneficial and so the banks took another leap towards creating their own space on the internet by designing a website. The website has opened up a gateway of various online services like opening new accounts, downloading the necessary forms, and applying for loans (Khan, Hameed, & Hamayun, 2019). Furthermore, digital banking has offered many other features and opportunities to people such as income tax filing, fund transfer, bills payments, opening and checking account balance etc. (Hamilton, 2020).

Digital banking also allows calculation of loan portfolio, calculation of premium, tools for financial planning, investment analysis, budgeting and forecasting. As a result, most of the financial planning can be done efficiently without the need to personally visit a bank (Lemke, 2020). Now, banks are come up with advanced apps to perform online banking using smart phones. This facilitates doing online banking transactions anywhere and anytime. The online banking feature provides the luxury for banking anytime and anywhere. The internet banking services offered by banks are available 24*7 basis throughout the year except the time for website maintenance (Monisha, Kanika, & Kaur, 2017). On the internet-banking page, the customer can see the summary of their real-time bank account. This mode of banking helps to keep a check on the bank account at any time (Shetter, 2019). Having this background, the present paper attempts to study the trends in digital banking, and opportunities and challenges of digital banking in India.

Review of Literature

Shukla & Shukla (2011) studied the problems and prospects of E-Banking while focusing on the advantages and the risks arising due to growth of electronic banking. The study argued that e- banking services are easy and convenient to manage the financial resources of the customers. However, it continued to challenges to the financial security and personal privacy. Nayak (2018) stated that Indian banking system is passing through tremendous growth with higher capital formation with the help of digital technology. However, one of the major challenges in digital banking is the implementation of these services in the rural area. Khan, Hameed, & Hamayun (2019) studied the key issues of e-banking acceptance in the rural areas of Pakistan by employing a comprehensive framework of Unified theory of acceptance and Use of Technology. The study discovered that personality openness significantly shapes behavioural intensions and trust on the internet moderates between customer’s intension and their usage of e-banking.

Chandrawati & Pandey (2017) conducted a study to identify drivers of digital banking transformation for Indian bank. The study concluded that digitalization has changed the face of branch banking and mobile is being increasingly used as a primary channel of banking. Moreover, social media integration and online channels are also considered as the major drivers of digital banking transformation. Vishnuvardhan, Manjula, & Naik (2020) explored that customers use mobile devices for the purpose of electronic transactions due to high Internet speed, personal Digital Assistants, and design of banking application. Bamoria & Singh (2011) explored the issues in mobile banking perceived by its users and non- users and found that that mobile handset operability, security/privacy and standardization of services are the critical issues. Sahu & Kumar (2017) found that factors influencing successful implementation of digital payment system in India with are Anonymity, Bank Involvement, Drawer, Infrastructure, Mobility, Parties, Popularity, Range of Payment, Risk, Security, Transfer limit, Transfer mode and Transfer time. Shetter (2019) also underlined the importance of understanding the behaviour, preferences, choices, requirements, and expectations of tech savvy customers for the success of digital banking.

Yadav & Pathak (2013) conducted a study on private and public sector banks in India to measure environmental sustainability through green banking and advocated that focusing only on green initiatives can provides win-win situation for the bank. Vimaladevi, Meenakshi, & Shree (2019) studied the perception of users of digital banking with reference to private banks in Chennai and found that customers are highly satisfied with digital banking services.

The prime reason behind taking up the present work is that not a single study has so far been carried out to assess the trend of digital banking with respect to mentioned reference period.

Objectives of the study

1. To study the trends in digital banking in India.
2. To identify the opportunities and challenges of digital banking in India.

Methodology of the Study

The present study is descriptive in nature. The present study is based on secondary data collected from the website of Reserve Bank of India for a period of 8 years from 2011-12 to 2018-19. Further, in order to identify the opportunities and challenges in digital banking in India, the relevant information has been collected from research paper published in journals, edited books and various reports published by the Reserve Bank of India from time to time. The collected data have been analysed with the help of statistical tools like year on year growth rate and compound annual growth rate. Apart from tabular presentation, line chart has also been used for better understanding of the readers.

Trends in digital banking

Digitalisation of banking sector brought tremendous changes in the financial system. It improves the operational efficiency of bank at a lower cost and improved their customer services. The major trends in digitalised banking are (i) Rapid increase in the number of customers; (ii) Steady increase in the number of chatbots; (iii) Offering mixed physical and digital process to the customers; and (iv) Increased mobile banking transactions.

The digitalisation facilitates data utilisation. These data insights are considered as a major trend of digital banking. This will help the banks to understand not only the purchase behaviour of the customers but also to identify the expected timing of their needs. Business collaborations are another trend of digital banking. The banks are operating in a competitive environment. They always desire to have competitive advantage over other banks in their surroundings. Through this digital platform, banks can build business collaborations with many firms and this will enable them to extend their working platform to new markets and new customers.

Digital banking facilitates new interactive channels in the world of banking. The traditional banking believes only in the physical distribution of traditional banking products and services with a wide branch network. Whereas the new world of banking is introduced with new customer experiences. This includes real time customer engagement, open banking, convenience banking with more engagement of customers. The digitalisation of banking services leads to adoption of ATM cum debut cards, credit cards, internet banking, mobile banking, NEFT, RTGs etc. The Table 1 deals with the volume of transactions in digital banking.

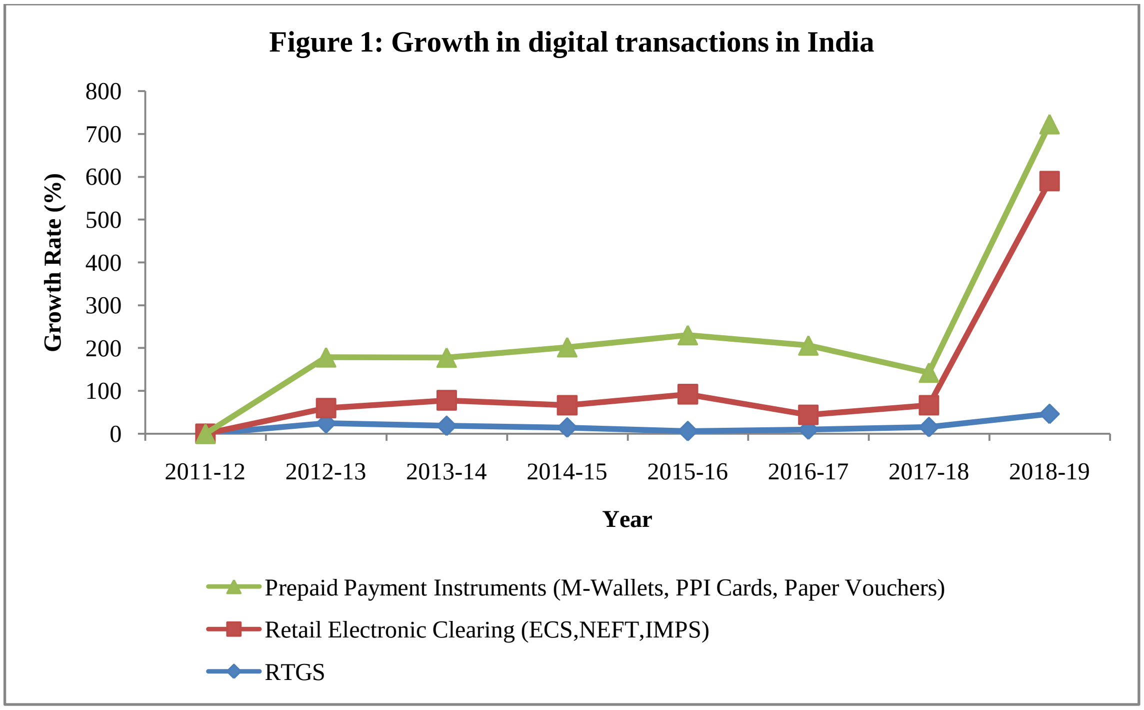
Table 1: Volume of digital banking in India

(Rs. in millions)

Year	**RTGS**		**Retail Electronic Clearing (ECS, NEFT, IMPS)**		**Prepaid Payment Instruments (M-Wallets, PPI Cards, Paper Vouchers)**	
	Volume	**Growth rate *(%)***	**Volume**	**Growth rate *(%)***	**Volume**	**Growth rate *(%)***
2011-12	55.10	--	512.40	--	30.60	--
2012-13	68.50	24.32	694.10	35.46	66.90	118.63
2013-14	81.10	18.39	1108.30	59.67	133.60	99.70
2014-15	92.80	14.43	1687.40	52.25	314.50	135.40
2015-16	98.40	6.03	3141.50	86.17	748.80	138.09
2016-17	107.80	9.55	4222.90	34.42	1963.70	162.25
2017-18	124.40	15.40	6382.40	51.14	3459.00	76.15
2018-19	181.90	46.22	41091.00	543.82	8057.00	132.93
CAGR (%)	18.60	--	87.08	--	121.71	--

Source: Trend and Progress of Banking in India, Reserve Bank of India

Table 1 and Figure 1 shows that the digital banking services of banks have registered a mixed increasing trend during the study period. In the year 2011-12 the volume of RTGS was Rs. 55.10 Million which has increased to Rs. 181.90 Million in 2018-19 with CAGR of 18.60%. Initially, year on year growth rate of RTGS was 24.32% in which has declined to 6.03% in 2015-16. Further, it increased to 46.22% in 2018-19.



The volume of Retail Electronic Clearing was Rs. 512.40 Million in 2011-12 which has also increased to Rs. 41091.00 Million in 2018-19 with CAGR of 87.08%. The year on year growth rate of retail electronic clearing was 35.46% in 2012-13 which has declined to 34.42% in 2016-17. However, it jumped to 543.82% in 2018-19.

Further, the volume of Prepaid Payment Instruments was Rs. 30.60 Million in 2011-12 which has rose to Rs. 8057.00 Million in 2018-19 registering CAGR of 121.71% during the study period. The year on year growth rate of prepaid payment instruments was 118.63% in 2012-13 which has 76.15% in 2017-18. Further, it increased to 132.93% in 2018-19.

Thus, it can be said that among different digital banking services; the growth of transactions is highest in case of Prepaid Payment Instruments which includes M-Wallets, PPI Cards and Paper Vouchers whereas it is lowest in case of RTGS services. The prime reason behind lowest growth of RTSG transaction may be due to customers prefers to use IMPS transactions rather than RTGS. However, in recent years the use of M-Wallets has gain momentum due to easy and quick transfer of money.

Opportunities and challenges in digital banking

Opportunities of digital banking

1. **More output more profit:** The customers are no longer needed to wait in a long queue for getting the banking services after the introduction of digital banking. They can enjoy the banking services at any time at anywhere basis. Therefore, through this digital banking, banks can provide maximum and quick services to its customers and this will help the banks to maximise their profit.

2. **More customers with time**: Customers are preferring digital services since it saves their time and energy. However, aged people prefer to visit the bank branches to undertake the banking services. They are not interested to do online transactions. Because they believe that only transaction at branches are safe and secured. Based on ongoing acceleration of digitations, it can be predicted that coming generations will be fully equipped with digital platforms. Therefore, it is certain that digital banking is proved to be the peoples' favourite in the future.
3. **Mobile banking**: One of the main digital banking services offered by banks to its customers is mobile banking. People can perform account opening, balance enquiry, bills payment, fund transfer, mobile recharge etc through mobile banking. Through mobile banking, banks can generate more revenue with a large customer base.
4. **More loans and interests**: Credit is one of the major assets of banks. The quantum of credit dispersed by banks determines its profit. As the number of credit disbursement increases the amount of interest received by banks also increases. Through digital banking, it is easy to get loans by the customers, thereby increase the customer base of banks.
5. **Better market predictions:** Through digital banking, banks obtain the opportunity to create a large database of their customers. This database can further be analysed in order to customise the digital banking services in order to attract more customers and keep the existing customers more satisfied. This endeavour may also leads to customer loyalty and competitive advantage in the market.

Challenges of digital banking

1. **Security** and **Safety:** Maintaining the security of each customer is one of the most significant challenges in digital banking. Digital banking involved higher level of danger and risk. In order to protect the interest of the digital banking service holder; need to focus more on security issues to overcome this challenge.
2. **Sustainable competitive advantage:** One of the major challenges before the modern banks is to keep the tech-savvy customers satisfied. In the traditional banking, cost and products of banks provided them competitive advantages over their competitors. Now-a-days, banks may lose competitive advantage due to lack of experience in the digital activities.
3. **Convenience and the death of loyalty:** In the case of digital banking, the customers are not directly in contact with the bankers. The urbanisation and digitalisation of services are forcing the banks to change the method of banks' contact with the customers. Thus, it is a big challenge for the banks to bridge this gap.
4. **Confidence of user:** The success of digital banking depends on a bank's ability to get customers to switch to online banking from branch banking. Till date a large group of customers hesitate to use digital banking services due to lack of confidence. Therefore, concerned authorities need to focus more on building confidence of their customers.

Conclusion

The present study is mainly concentrated on studding the trends, opportunities and challenges in digital banking. One of the major technological innovation in the banking industry is digitalisation. From the study, it is concluded that digitalised banking services offered by banks are increasing day by day. The digital banking services of banks are showing a mixed increasing trend during the study period. From the literature, it has been observed that invention of digitalised banking services facilitates both banks and their customers. These services save time in processing of baking transactions. This improves the technical as well as operational efficiency of banks and reduces their operation cost. Even though, digital banking provides various opportunities, it causes many challenges too. Security issues are one of the major challenges among them. However, digital banking would facilitate growth in the bank's performance (Revathi, 2019).

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Demographic Variables and Service Quality of Select Private Sector Banks: An Empirical Study in Karimganj Town of Assam

DIPANKAR DAS*

Abstract

The strategic importance of demographic variables in the context of consumer behaviour in general and banking service quality in particular proposes to study the demographic variables wise, viz. gender, age, educational qualifications, occupations and income levels, service quality of private sector banks operating in Karimganj town of Assam. The study reveals that, the perceived service quality of female customer is better towards the private sector banks. The result of independent two-sample t test shows an insignificant statistical difference between the demographic variable Gender with respect to the service quality under study. However, the p value for One Way ANOVA implies that there is no statistical difference between Age of the customers with respect to the service quality of private sector banks under study at 5% level of significance, whereas the same has been found significant in case of educational qualification, occupational groups and income groups. Moreover, the demographic variables wise different perceptions have been observed among the customers of private sector banks operating in Karimganj town of Assam.

Key words: *Demography, Perception, Service, Quality*

JEL Classification: *G21, M30, M31*

Introduction

Banking industry in India has been growing remarkably after the economic reform in the country. The scale and scope of bank activities have undergone substantial changes in response to the rapidly changing market, new technologies, economic uncertainties, fierce competition and more demanding customers (Geetha & Rani, 2016). By witnessing several changes in the banking sector, service quality has emerged as a competent and strategic tool to survive and thrive in the present competitive business environment (Das, 2017).

In this modern era of banking services, the higher service quality not only leads to the higher level of customer satisfaction (Spreng & Mackoy, 1996; Naeem & Saif, 2009; Bedi, 2010; Awan, Bukahri, & Iqbal, 2011), but also generates customers' loyalty to a great extent (Beerli, Martin, & Quintana, 2004; Islam & Ali, 2011). It is evident from the literature that, when a customer possesses positive perceptions of a service provider, he/she

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will likely to spread favourable views about the quality of service delivered by the service firm and it will help to increase the market potentiality of that firm (Omoregie, Addae, Coffie, Ampong, & Ofori, 2018). Moreover, different researchers have demonstrated that the cost of acquiring a new customer is 5 times more expensive than retaining an existing customer and 50-100 times more expensive to win back a lost customer (Ofori, Boateng, Okoe, & Gvozdanovic, 2017). Therefore, it is important for any banking service providers to understand the needs and preferences of their customers with an intention to build a relationship around those needs to promote long-term customer loyalty and profitability (Taylor & Baker, 1994; Zeithaml, 1985; Jain, 2008).

In marketing literature, customer demographics have been defined as one of the important determinants of consumer perceptions, attitudes and their decision making ability (Jones & Zufryden, 1982; Hamid, 2008; Kotler & Armstrong, 2010). Demographics refer to the quantifiable features of customers' personal characteristics and a crucial factor of consumer behaviour (Jones & Zufryden, 1982; Webster, 1989; Martin, 2003; Hamid, 2008; Kotler & Armstrong, 2010). As an important contributory factor to make differences in customers' perceptions and behaviour, customer demographics can help for segmenting the market and developing differentiated marketing strategies more effectively for catering to the needs and expectations of each of the customers in the market (Meyers, 1996; Diamantopoulos, Schlegelmilch, Sinkovics, & Bohlen, 2003; Serenko, Turel, & Yol, 2006). Even in the context of service sector in general and banking sector in particular, many studies around the globe have been revealed the influence of demographic variables on customer perceptions of service quality, value and satisfaction, and their behavioural intentions (Webster, 1989; Gagliano & Hathcote, 1994; Sohail & Shanmugham, 2004; Ganesan-Lim, Ganesan-Lim, Russell-Bennett, & Dagger, 2008; Anand & Selvaraj, 2012).

The strategic importance of demographic variables in consumer behaviour and the influence of demographics towards customers' service quality perceptions help the researcher in the present research work to make an attempt to assess the demographic variables wise service quality of private sector banks operating in Karimganj town of Assam.

Service Quality

Service quality is a measure of how well the service level delivered matches customer expectations. Delivering quality service means conforming to expectations of customers on a consistent basis (Lewis & Booms, 1983). At the time of evaluating service quality, consumers compare the service they expect with perceptions of the service they receive (Gronroos, 1984). Service quality is the comparison of what consumers feel service firm should offer (i.e., from their expectations) with their perceptions of the performance of firms providing the services (Parasuraman, Zeithmal, & Berry, 1988). It cannot be denied that the dimensions of service quality of banks vary from time to time and also from country to country. But researchers all over the world are by and large at consensus about some of the dimensions of service quality which have been incorporated in SERVQUAL model and later on supported by SERVPERF model (Adhikari & Das, 2016).

In banking industry, service quality and customer satisfaction are separate concepts, but both are closely related. There is a strong positive relationship between service quality and customer satisfaction (Parasuraman, Zeithaml, & Berry, 1988). Service quality helps to determine the satisfaction level of customers (Cronin & Taylor, 1992). The positive experience of service quality makes a strong impact on the customer's perception of a bank's quality of services and image of the bank, which in turn results into a customer loyalty and satisfaction.

Review of Literature

Min & Khoon (2013) found that male and female customers had different perceptions with respect to service quality of banks. Stafford (1996) revealed that service quality had more important to women customers. On the contrary, Spathis, Petridou, & Glaveli (2004) found that male customers of Greek banks had more positive perception in respect of the service quality. Ogden & Ogden (2005) observed that age of the customers had different perceptions towards service quality of banks. Siu & Cheung (2001) and Ganesan-Lim, Ganesan-Lim, Russell-Bennett, & Dagger *(*2008) found a significant association of age with service quality perceptions. Jain (2013) also revealed that bank customers' perception had significantly affected by the demographic variable age. Mburu (2014) revealed that customer satisfaction of Kenyan bank had significantly affected by the educational qualification of the customers. Farley (1964) found that customers having higher education had different levels of satisfaction towards banking service quality. Kent & Omar (2003) observed that highly educated customers had relatively higher level of expectation of service quality from their service providers. Jain (2013) revealed that occupation had significantly affected the satisfaction of bank customers. On contrary, Grazhdani & Merollari (2015) observed an insignificant relationship between occupation and service quality perceptions of customers. Safakli (2007) found that customers' service quality perceptions had different for different occupational groups. Scott & Sheiff (1993) and Kotler (2000) observed that customers of different income levels had different perceptions of service quality. Kumbhar (2011) found a significant relationship between the service quality perceptions of customers and their income levels. Gupta (2011) found different perception of customers towards the service quality of banks on the basis of customer's gender, age, educational qualification, occupations and income levels. Mishra (2015) observed that customers of different age, gender, occupation and educational qualifications had different levels of satisfaction of banking services. Geetha & Rani (2016) revealed a significant relationship between various demographic variables and the satisfaction level of bank customers.

In most of the studies, researchers across the world have made different attempts to assess the service quality perception of customers of different banks on the basis of various demographic variables. Thus, the present study considers five demographic variables, viz., gender, age, educational qualification, occupation and income in order to find out customers perception on service quality of private sector banks operating in Karimganj town of Assam. It is pertinent to mention that, both public and private sector banks are competing every day to capture the market by providing quality services, but no study has so far been undertaken from the view point of demographic characteristics wise customers' perception on banks' service quality within the municipality area of Karimganj town. Hence, the present study is the first of its kind in the context of demographic variables wise assessing the service quality of private sector banks operating in Karimganj town of Assam.

Objective of the Study

To study the demographic variables wise, viz. gender, age, educational qualifications, occupations and income levels, service quality of private sector banks operating in Karimganj town of Assam.

Hypotheses of the Study

1. There is no significant difference between the Gender of the respondents with respect to service quality of private sector banks operating in Karimganj town of Assam.
2. There is no significant difference between the Age of respondents with respect to service quality of private sector banks operating in Karimganj town of Assam.
3. There is no significant difference between the Educational Qualification with respect to service quality of private sector banks operating in Karimganj town of Assam.
4. There is no significant difference between the Occupations of the respondents with respect to service quality of private sector banks operating in Karimganj town of Assam.
5. There is no significant difference between the Income levels of the respondents with respect to service quality of private sector banks operating in Karimganj town of Assam.

Methodology of the Study

Study Area and Organisation: The present study attempts to study demographic characteristics wise service quality of HDFC bank, ICICI bank and AXIS bank operating in Karimganj town located in the southern part of the state Assam.

Sampling Design: The sample size of the present study is one hundred twenty (120) numbers of customers, where 40 respondents have been considered from each of the private sector banks under study. In order to attain the required information pertaining to the study, random sampling technique has been used.

Variable Considerations: Demographic variables, viz., gender, age, educational qualification, occupation and income have been considered in the present study. Whereas, service quality has been assessed on the basis of the responses of customers over twenty two (22) numbers of components of service quality, which have been categorised into five (05) service quality dimensions.

Data Collection Tool: A structured interview schedule comprising of a seven (07) point numerical scale ranging from "Strongly Disagree=1" to "Strong Agree=7" has been used.

Statistical Tools: In order to analyse the collected data, mean, standard deviation, percentage, Kolmogorov-Smirnov Statistic, Shapiro-Wilk Statistic, Independent Two Sample t test and One Way ANOVA have been used.

Scope of the Study

1. The scope of the present study has been confined to customers of private sector banks operating within the municipal area of Karimganj town of Assam.
2. The study considers the responses of only those customers who have at least one savings bank account for a period of not less than one year before the date of field survey in any of the private sector banks selected for this study.

Limitations of the Study

1. Each location has its own geographic and demographic specificities. As it has by and large reflected the situation specific to the chosen study area, the findings of the study should be interpreted with great caution for any kind of generalization.
2. The study is subject to all the limitations that are inherent in any perception based study.

Results and Discussion

Table 1: Demographic Profile of the Respondents

Demographic Variables	Description	Frequency	Percentage
Gender	Male	79	65.83
	Female	41	34.17
Age	20-30 Years	34	28.33
	31-41 Years	44	36.67
	42-51 Years	24	20.00
	52 Years & Above	18	15.00
Educational Qualification	HSLC	10	8.33
	HS	35	29.17
	GR	46	38.33
	PG	22	18.33
	Others*	7	5.83
Occupation	Business	39	32.50
	Service	45	37.50
	Professional	28	23.33
	Others**	8	6.67
Average Monthly Income	Up to Rs. 15,000	21	17.50
	Rs. 15,001- Rs. 30,000	51	42.50
	Rs. 30,001- Rs. 45,000	21	17.50
	Rs. 45,001 & Above	27	22.50

Note: * indicates below HSLC & etc.

** includes students, wage earners, house wives & etc.

Source: Field Survey

Table 1 shows the demographic profile of 120 number of respondents who are having a savings bank account for more than one year in any one of the private sector banks (AXIS bank, HDFC bank and ICICI bank) operating in Karimganj town of Assam. It is evident from the table that, 65.83% of the respondents are male whereas 34.17% of the respondents are female. Based on the age group, 36.67% of the respondents are aged between 31-41 years. The data exhibit that 38.33% of the respondents are having the graduate qualification. The highest percentage, i.e., 37.50% of the respondents is in the service category of occupation. In terms of income, 42.50% of the respondents generate average monthly income ranging from Rs.15,001 to Rs.30,000.

Table 2: Results of Normality Test of Service Quality

Kolmogorov-Smirnov Statistic	p value	Shapiro-Wilk Statistic	p value
0.065	0.200	0.985	0.203

Source: Computed from Primary Data

Table 2 is a normality test to determine whether the collected data are normally distributed or not. In the present study, Kolmogorov-Smirnov and Shapiro-Wilk normality tests have been carried out to assess the normality of the data of 120 respondents of private sector banks under study. The results of both the normality tests depict that, the respective p values are higher than 0.05, which implies that the collected service quality data are normally distributed. Thus, for the purpose of finding out the variance of demographic variables and service quality of private banks, a parametric test i.e., One Way ANOVA has been considered in the present study.

Table 3: Gender wise Distribution of Respondents Perception towards Service Quality of Private Sector Banks

Gender	Mean	SD	t value	p value
Male	5.53	1.396	0.741	0.391
Female	5.65	0.932		

Source: Computed from Primary Data

The gender is strongly influenced the purchasing behaviour of customers (Slama & Tashlian, 1985). Table 3 reveals gender wise classification of respondents' perception towards the service quality of private sector banks operating in Karimganj town of Assam. Gender dictates the nature and extent of expectation of a person and at the same time in the recent past the number of female customers is on the rise in almost all the private banks considered in the study. It is revealed from the mean score that, the perception of female respondents (5.65) is higher as compared to the mean value of male respondents. The perception of customers with respect to service quality of the private sector banks has been most concentrated in case of female customers since the value of standard deviation is the lowest (0.932) while the same has been least concentrated in case of male customers since the value of standard deviation is the highest (1.396). Further, the p value for t test is more than 0.05, which implies that there is no statistically significant difference between the demographic variable 'Gender' of the respondents with respect to the service quality of private sector banks under study at 5% level of significance. Therefore, it can be said that, female customers perceived service quality of private sector banks operating in Karimganj town of Assam is better as compared to male customers. However, this difference is statistically insignificant.

Table 4: Age Group wise Distribution of Respondents Perception towards Service Quality of Private Sector Banks

Age Groups	Mean	SD	F value	p value
20-30 Years	5.23	0.906	1.036	0.437
30-40 Years	5.60	0.857		
40-50 Years	5.94	0.792		
50 Years & Above	5.71	1.103		

Source: Computed from Primary Data

The age differences of customers are of a great concern to marketing practitioners for making various marketing strategies, as customers buying behaviour is to a large extent influenced by their age (Roedder & Cole, 1986). Table 4 reveals age wise classification of respondents' perception towards the service quality of private sector banks operating in Karimganj town of Assam. It is evident from the mean score that, the perception of the respondents is the highest (5.94) in case of the age group 40-50 years of the respondents followed by the age group 50 years & above (5.71), 30-40 years (5.60) and 20-30 years (5.23). The perception of customers with respect to service quality of the said private sector banks has been most concentrated in case the 40-50 years aged customers since the value of standard deviation is the lowest (0.792). While the same has been least concentrated in case of 50 years and above aged customers since the value of standard deviation is the highest (1.103). However, the p value for One Way ANOVA is more than 0.05, which implies that there is no statistically significant difference between the demographic variable 'Age' of the respondents with respect to the service quality of private sector banks under study at 5% level of significance. Therefore, it can be said that, the perceived service quality of the private sector banks operating in Karimganj town of Assam is better in case of the customers between 40-50 years of age group as compare to the other aged customers under study.

It is evident from the marketing literature that, educated customers are not only demanding more sophisticated products and services (Kumbhar, 2011) but also expecting relatively higher level of service quality from their service providers (Kent and Omar, 2003). Table 5 shows educational qualification wise classification of the respondents' perception towards the service quality of private sector banks operating in Karimganj town of Assam. It is observed from the mean score that, Post Graduate qualified respondents' perception is the highest (5.88) followed by Other qualified respondents (5.60), Graduate respondents (5.55), Higher Secondary qualified respondents (5.49) and HSLC qualified respondents (5.05). The perception of customers with respect to service quality has been most concentrated in case of Post Graduate qualified customers since the value of standard deviation is the lowest (0.834).

Table 5: Educational Qualification wise Distribution of Respondents Perception towards Service Quality of Private Sector Banks

Educational Qualification	Mean	SD	F value	p value
HSLC	5.05	0.994	2.445	0.050
Higher Secondary	5.49	1.006		
Graduate	5.55	1.229		
Post Graduate	5.88	0.834		
Others	5.60	1.074		

Source: Computed from Primary Data

On the other hand, the same has been least concentrated in case of Graduate qualified customers since the value of standard deviation is the highest (1.229). However, the p value for One Way ANOVA indicates that there is statistically significant difference between the demographic variable 'Educational Qualifications' of the respondents with respect to the service quality of private sector banks under study at 5% level of significance.

Table 6: Occupation wise Distribution of Respondents Perception towards Service Quality of Private Sector Banks

Occupational Groups	Mean	SD	F value	p value
Business	5.57	0.941	8.164	0.000
Service	5.33	1.171		
Professional	6.20	0.959		
Others	5.53	1.189		

Source: Computed from Primary Data

Service quality perceptions differ across customers of different occupational groups. Customers buy products and services that match with the requirements of their occupations they pursue (Safakli, 2007). Table 6 reveals occupation wise classification of the respondents' perception towards service quality of private sector banks operating in Karimganj town of Assam. It is observed from the mean score that, the respondents perception about service quality of the private banks is the highest (6.20) in case of professional category under occupational groups followed by the business category (5.57), others category (5.53) and service category (5.33). The perception of customers belonging to business group has been most concentrated since the value of standard deviation is the lowest (0.941), while the same has been least concentrated in case of the customers of others category under occupational groups since the value of standard deviation is the highest (1.189). However, the p value for One Way ANOVA is less than 0.05, which implies that there is statistically significant difference between the demographic variable 'Occupational Groups' of the respondents with respect to the service quality of private sector banks under study at 5% level of significance. Moreover, it can be said that, the perceived service quality of the private sector banks operating in Karimganj town of Assam is better among the business group of customers than the customers of other category of occupations under study.

Table 7: Average Monthly Income Group wise Distribution of Respondents Perception towards Service Quality of Private Sector Banks

Average Monthly Income Groups	Mean	SD	F value	p value
Up to Rs. 15,000	5.28	1.117	10.192	0.000
Rs. 15,001- Rs. 30,000	5.32	0.988		
Rs. 30,001- Rs. 45,000	5.72	1.097		
Rs. 45,001 & Above	6.19	0.840		

Source: Computed from Primary Data

Income of a person has a strong effect on his buying decisions of various goods and services (Zeithaml, 1985). Generally, people with higher income levels are opting for better quality of services. Table 7 presents average monthly income group wise classification of the respondents' perception towards the service quality of private sector banks operating in Karimganj town of Assam. It is evident from the mean score that customers whose average monthly income lies in the interval of Rs. 45,001 & above have highest (6.19) level of perception on service quality followed by the customers whose average monthly income fall in between Rs. 30,001- Rs. 45,000 (5.72), Rs. 15,001- Rs. 30,000 (5.32) and earnings up to Rs. 15,000 (5.28). As evident from lowest standard deviation (0.840), perception of the customers whose average monthly income falls in the range of Rs. 45,001 & above has been most concentrated while the same has been least concentrated in case of the customers whose average monthly income is up to Rs. 15,000 since the value of standard deviation is the highest (1.117). However, the p value for One Way ANOVA is less than 0.05, which implies that there is a statistically significant difference between the demographic variable 'Average Monthly Income Groups' of the respondents with respect to the service quality of private sector banks under study at 5% level of significance. Therefore, it can be said that, the perceived service quality of the private sector banks operating in Karimganj town of Assam is better among the customers whose average monthly income is Rs. 45,001 & above than the other income groups considered in the study.

Conclusion

The present study reveals that the perceived service quality of female customer towards the private sector banks is better than the male customers. Stafford (1996) also observed the similar finding. The result of independent two-sample t test shows that there is no statistically significant difference between the demographic variable Gender with respect to the service quality. It is also found that the perception of customers belonging to the age group of 40-50 years, Post-Graduation qualified customers, professional category and customers' average monthly income of Rs.45,001 & above is higher with respect to the service quality of private sector banks operating in Karimganj town of Assam. However, the p value of One-Way ANOVA implies that there is no statistically significant difference in customers' perception about service quality of private sector banks across the different Age groups at 5% level of significance. Finding of Siu & Cheung (2001) supports this finding. Whereas, it has been found statistically significant in respect of educational qualifications, occupational and income groups. Kumbhar (2011) and Grazhdani & Merollari (2015) also observed the similar finding. Thus, to conclude it can be stated that among the considered demographic variables, educational qualifications, occupation and income influence significantly the customers' perception of service quality. The study suggests that every bank managers need to understand the potential demographic effects towards the service quality of banking operations before implementation of effective marketing strategies.

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A Study on Inventory and Cash Management of Small Enterprises Operating in Shillong City of Meghalaya

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Abstract

Small enterprises play a strategic role in restructuring and in transformation of an economy with a comparatively higher labour-capital ratio and a shorter gestation period. Every business concern needs working capital to run the day-to-day business activities. They also generate a lot of employment which have a far reaching effect on the community, state and national level as a whole and as a result of which there is a growth in the economy. The present study aims to analyse the management of inventory and cash of business units in Shillong city of Meghalaya. The study concludes that sample units do not use any effective tools for proper management of both cash and inventory and therefore, results are not satisfactory.

Key Words: *Small Enterprises Working capital, Inventory Management, Cash Management*

JEL Classification: *G31, D24*

Introduction

An efficient inventory and cash management plays a vital role in the development of economies of the enterprise as well as country. Every business concern needs working capital to run the day -to-day business activities. The micro and small scale industries in the state of Meghalaya have become very popular and providing a lot of services to the people of the community. They also generate a lot of employment which have a far reaching effect on the community, state and national level as a whole and as a result of which there is a growth in the economy. These industries provide a general framework for the variety of entrepreneurial ideas of the people. Small enterprises in Meghalaya are considered to be significant contributors to economic development.

The inefficient working capital management will lead to loss of profits in the short run but it will ultimately lead to the downfall of the enterprise in the long run. On the other hand, optimal level of working capital maximises firm value (Deloof, 2003). Therefore, the objective of working capital management is to keep balance of each component of working capital and try to obtain the optimal level of working capital in a firm (Fillbect & Krueger, 2005). Further, efficient working capital management signifies the uninterrupted movement of business cycle in respect of payment of liabilities and procurement of raw materials. Cash management helps in ensuring proper availability of cash and minimises the amount of idle cash. It also assists in optimising liquidity and profitability. The need to

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maintain effective working capital management within Small and Medium scale Industries remain pivotal to solvency and liquidity of SMEs (Sunday, 2010). On the other hand, proper inventory management looks into the aspects of optimisation of investment in inventory, avoid over stocking, regular monitoring of stock levels, availability of material in time, etc. Thus, an efficient management of inventory and cash are essential requirements for the success of a business unit.

Review of Literature

Majumdar (1992) studied the pattern of financing the corporate working capital in India The study indicates that major share of working capital finance is from borrowings and the effect of cost on the selection of sources of working capital is not at all significant.

Vijaykumar & Venkatachalam (1996) analysed the performance of Tamilnadu Sugar Corporation for the period from 1985-86 to 1993-94. The study found that during the study period the corporation maintained moderate level of working capital, less amount from long term-funds had been used for meeting short-term liabilities and profitability was affected due to excess liquidity.

Vora (2009) studied the working capital management of thirty Trading Houses in India listed on Bombay Stock Exchange. The study suggested that the financial manager should determine the optimum level of current assets so that the wealth of shareholders is maximized.

Harif, Osman, & Hoe (2010) studied financial management practices of small and medium scale enterprises in Malaysia. The study found that lack of working capital is the most common weakness in the area of financial management.

Sunday (2010) found that most small and medium scale enterprises do not care about their working capital position, most have only little regard for their working capital position and most do not even have standard credit policy.

From the above review of literatures, it has been discovered that no studies have been carried out on Working Capital management of Small units or enterprises in Meghalaya. Most of the work has been done in the developed parts of the country and abroad. Therefore, an attempt has been made to make a comprehensive study on the Inventory and Cash management of some selected small enterprises in the city of Shillong, Meghalaya.

Objectives of the Study

1. To assess the inventory and cash management of select small enterprises operating in Shillong city of Meghalaya.
2. To analyse the efficiency in working capital management of select small enterprises operating in Shillong city of Meghalaya.

Methodology of the Study

Data of the Study: The study is based on both primary and secondary data. Primary data have been collected through questionnaire and face-to-face interview with entrepreneurs, officials, non-officials and other experts in the field. The sources of

Secondary Data for this study are financial reports of the industry published in Statistical hand book of Meghalaya for the period of five years from 2014-15 to 2018-19.

Locale of the Study: The study is confined to the city of Shillong, the capital city of Meghalaya and the fourth largest city in North East India (Census of India, 2011). The study has considered two wooden furniture making units (Group I) and two flour mills (Group II) registered as small scale industries in the Department of Industry and Commerce, Shillong, Meghalaya. All the units which were selected for the study are located in the Mylliem Block of the East Khasi Hills District of Meghalaya.

Tools and Techniques of Analysis: The present study has adopted financial ratios, *namely*, Working Capital Turnover Ratio, Return on Total Assets, Inventory Turnover Ratio and Stock Velocity. Besides, Baumol's Cash Management Model has also been employed for analysing the management of cash. Arithmetic Mean, Standard Deviation and Coefficient of Variation have also been considered under the study.

Table 1: Concept of Ratios and Model used

Ratio	Definition	Formula
Working Capital Turnover Ratio	This ratio establishes the relationship between net working capital and cost of goods sold or net sales. It helps in judging the efficiency of working capital in an enterprise. The higher the ratio, the better is the financial position.	$\frac{Net\ Sales\ or\ Cost\ of\ Sales}{Net\ Working\ Capital}$
Inventory Turnover Ratio/ Stock Turnover Ratio	It establishes relationship between cost of goods sold during a given period and with the average amount of stock/ inventory carried during that given period. This ratio indicates the number of times stock is turned into sales during the accounting period. The higher the ratio, the better is the financial position of the concern.	$\frac{Cost\ of\ Goods\ Sold}{Average\ Stock}$
Return on Total Assets	This ratio helps in judging the overall efficiency and profitability of an enterprise. This is also good for inter- firm and intra-firm comparison.	$\frac{Profit\ before\ Interest,\ Tax\ and\ Dividends}{Total\ Assets}$
Stock Velocity	This tool is the ratio between total number of days or months or weeks in a particular year and the total inventory or stock turnover ratio.	$\frac{365\ days}{Inventory\ Turnover\ Ratio}$

William J Baumol's Cash Management Model	This model finds a correct balance by combining holding cost and transaction costs, so as to minimise the total cost of holding cash.	$C = \sqrt{\frac{2AT}{I}}$ where, C = Optimum level of cash balance estimated T = Cost per transaction of purchase and I = Interest on marketable securities

Source: Review of existing literatures

Data Analysis

Table 2: Socio Economic Profile of Meghalaya

Area *(in square kilometres)*	22,429
Total Population	29,66,889
Rural	23,71,439
Urban	5,95,450
Population size : Male	14,91,832
Female	1,47,057

Source: Census of India, 2011

From the Table 2, it is found that total area of the Meghalaya is 22,429 square kilometres and the total population was 29,66,889 as per 2011 census. The rural population size was 23,71,439 and the urban population size of Meghalaya was 5,95,450. The population size of male was 14,91,832 and female was 1,47,057 as per 2011 census.

Table 3: Average Stock of select Small Scale Enterprises

(Figure in Rupees)

Units	Total average amount Spent on Inventory Yearly	Minimum Average Amount of stock kept Yearly	Maximum amount of stock kept Yearly	Average Stock
Group I	11,28,37,500	45,06,782	42,44,282	38,25,532
Group II	21,70,48,697	87,10,910	1,58,00,000	1,57,88,788

Source: Field Study

Table 3 presents average stock of select small scale enterprises during the study period. It can be observed from the table that the flour mills (Group II) have the highest amount of minimum, maximum and average stock and their total amount yearly spent on inventory was even much higher than the furniture making units (Group I).

Table 4: Placement of Order for Raw Materials

Particulars	Number of Units	Percentage
Weekly	02	50
Monthly	00	0
Daily	02	50
Fortnightly	00	0
Total	**04**	**100**

Source: Field Study

From Table 4, it is found that 50% of the units selected for the study place their order for raw materials weekly and the remaining 50% of the units place their order for raw materials daily while none of the units place order for raw materials monthly or fortnightly basis.

Table 5: Inventory/Stock Turnover Ratio of select Small Scale Enterprises

(Figure in times)

Units	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV (%)
Group I	7.73	6.57	7.13	8.91	9.27	7.78	1.04	13.34
Group II	16.92	17.07	17.81	18.53	19.12	17.89	0.84	4.72

Source: Based on data obtained from Statistical hand book of Meghalaya (Various Issues)

From Table 5, it can be observed that among all the units selected for the study, the mean value of flour mills (Group II) is much higher as compared to Group I. Further, the SD and CV of Group I is higher during the study period. This implies that the flour mills (Group II) have a sound financial position and the amount of risk taken on management of inventory is limited.

Table 6: Stock Velocity of select Small Scale Enterprises

(Figure in days)

Units	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV (%)
Group I	47.20	55.58	51.17	40.95	39.38	46.86	6.81	14.54
Group II	21.57	21.38	20.49	19.69	19.08	20.44	1.07	5.23

Source: Based on data obtained from Statistical hand book of Meghalaya (Various Issues)

Table 6 depicts group wise stock velocity of select small scale enterprises. It is found from the table that the stock velocity of the furniture making units is very much higher than the flour mills. It indicates that these units have a very low stock turnover ratio as a result of which their stock velocity is so high. Thus, it can be noted that if the inventory turnover ratio increases, the average age of inventory will go down and vice-versa. On the other hand, the performance of flour mills is better than furniture making units in terms of consistency as evident from lower coefficient of variation.

Table 7: Awareness about the Baumol's Cash Management Model

Particulars	Frequency (No. of units)	Percentage
Extremely aware	0	0
Moderately aware	2	50
Not at all aware	2	50
Total	**04**	**100**

Source: Field Study

Table 7 shows the awareness of the respondents regarding the Baumol's Cash Management Model for cash management. It can be identified that none of the units adopt Baumol's cash management model for management of cash. However, 50% of the units selected under the study have some idea about Baumol's cash management model but did not adopted this method for the management of cash. Further, remaining 50% of the units do not have any idea about Baumol's cash management model for the management of cash.

Table 8: Optimum Cash Balance as per Boumol's Cash Management Model

(Figure in Rupees)

Units	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV (%)
Group I	38301.00	41935.60	40732.00	40354.20	42212.76	40707.11	1556.49	3.82
Group II	74230.16	71564.00	80560.18	83514.65	79337.06	77841.17	4854.41	6.24

Source: Based on data obtained from Statistical hand book of Meghalaya (Various Issues)

Table 8 presents the optimum level of cash balance of select small scale enterprises. Higher the optimum cash balance, better is the financial position and cash management. From the table, it is found that the flour mills have a higher optimum level of cash balance as compared to the furniture making units. It can be identified clearly that the optimum cash balance is fluctuating rapidly over the past five years.

Table 9: Working Capital Turnover Ratio of Select Small Scale Enterprises

(Figure in times)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV (%)
Group I	2.28	3.26	2.67	3.14	3.09	2.89	0.36	12.57
Group II	4.64	5.36	3.96	2.69	3.78	4.09	0.89	21.80

Source: Based on data obtained from Statistical hand book of Meghalaya (Various Issues)

From Table 9, it can be clearly stated that the flour mills have a higher working capital turnover ratio and a higher SD during the study. On the other hand, furniture units have a lower working capital turnover ratio and also a lower SD. Moreover, the furniture making units also have a lower coefficient of variation which signifies that they initiate lower risk while performing their business operations as compared to the flour mills selected under the study.

Conclusion

To conclude that it is be stated that performance of the select units in respect of working capital management is not satisfactory as they do not use any effective tools for proper management of both inventory and cash. As a result of this, failure of most of the enterprises is a result of poor working capital management, poor management of inventory and cash as well. Thus, it is advisable to all the units under study to maintain a proper working capital management policy, which might enable them to run their business properly and meet their day-to-day business expenditure smoothly and efficiently, with a view to maintain a proper balance between liquidity and profitability in the long run.

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Trend and Pattern of Foreign Direct Investment Inflows in India

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Abstract

Foreign direct investment is an investment made directly into production, manufacturing or business of a country by an individual or company of another country, either by purchasing a company in the foreign country or by expanding operations of an existing business in that target country. A crucial role played by the FDI is by channelizing the transfer of capital and technology and can be perceived to be a potent factor in promoting economic growth in developing countries especially, a country like India. The purpose of this study is to analyze the trend of FDI equity inflows, different sectors attracting highest FDI equity inflows and the share of top investing countries in FDI equity inflows in India, taking into considerations the secondary data from April 2000 to March 2019. The results show that the maximum FDI inflow is in service sector and India has received maximum FDI inflow from Mauritius. The present study has also highlighted the major policy implications in interpreting FDI in India.

Keywords: *FDI Inflows, Economic Growth, Service Sector*

JEL Classification: *E2, F21*

Introduction

Foreign Direct Investment plays a significant role towards the growth and development of an economy, particularly in case of developing economies, where domestic savings is not sufficient to meet the needs of generating funds for capital investment. It provides a sound basis for economic growth and development by enhancing the financial position of the country, it's contribution to the GDP and also to foreign exchange reserves of the country (Vasanthi & Aarthi, 2013). Through the flow of fund between the countries in the form of inflow or outflow, one country can reap some benefit from their investment whereas the other can exploit the opportunity to enhance the productivity. Further, flow of foreign capital can make a country to find a better position through performance, also supplements the investment requirements of an economy, brings new technology, managerial expertise and adds to foreign exchanges reserves. After two decades of economic reforms and the challenges faced to compete globally to attract as a favourable destination for foreign investors after considering the market potentiality, the quality of FDI matters at least as much as the volume of FDI for the growth implications in host economies (Gori, 2015).

The potential advantages of the FDI on the host economy are that it could facilitate the optimal use and the exploitation of local raw materials and products introducing new

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and modern techniques of management, easing the access to new technologies, creating opportunities for employment. For emerging economies like India FDI can now be referred as the most effective way for transferring capital and technology from other economies especially, from the developed ones. There should not be any distinction between FDI and trade dimension though are being increasing with organized rate of global value chains. Now, the need arises to remove those administrative complexities to achieve synergy among various government machineries (Pant & Srivastava 2018).

According to Indian Banker World Investment Report, FDI inflows to the developing economies will be at highest level in coming years, where South Asian countries will be remain at the top list. The inflow of funds over the years, helped the country to make advancement in the field of technology, up gradation of basic skills, leading to employment generation, better and developed infrastructure, management of foreign corporations have helped the country to transform the economic structure, shape and in order to pursue additional investors, attracting investments in most innovative sectors. The proactive policy formulated by the union government with effect from 2014 facilitated high amount of foreign inflows in different sectors. Consequently, the country has gained in respect of higher productivity, sustainable and inclusive development, advancement in the field of technology, up gradation of basic skills, leading to employment generation, better and developed infrastructure (Sharma & Khurana, 2013). Having this backdrop, the present study aims to analyse the trend and pattern of FDI inflows in India during the post liberalisation period.

Review of Literature

Hooda (2011) studied the trends and patterns of flow of FDI, determinants of FDI and the impact of FDI on the Indian economy using time series data for the period 1991 to 2008. The study found that India continued to attract substantial amount of FDI inflows due to its flexible investment regimes and policies despite troubles in the world economy.

Sahni (2012) studied trends and determinants of the FDI inflow into India for the post liberalisation period from 1992-93 to 2008-09. GDP, inflation and trade openness were found to be important factors in attracting FDI inflows in India during post reform period whereas Foreign Exchange Reserves was not an important factor in explaining FDI inflows in India.

Singh, Chadha, & Sharma (2012) found that foreign investment flows are supplementing the scare domestic investments in developing countries particularly in India. However, foreign investor never adopts environment friendly technique to maximize their profit. Main reason of this sifting is high risk and low profit in concern sectors.

Malhotra (2014) found that Indian economy has a tremendous potential and FDI has a positive impact. Further, FDI inflow supplements domestic capital along with technological development and efficiency. Thomas (2016) also concluded that FDI has a positive impact on country's economy. Amount of FDI inflows have supplemented domestic capital, as well as transfer of new technology and skills of existing companies in the country. Zafar & Hemdat (2015) found that FDI flow in India has increased in comparison to past. Further, FDI inflow has influenced the GDP of the nation, both move with matching pace and positive impact on economy. Koner, Roy, & Purandare (2018) examined the impact of FDI inflow on GDP and observed the existence of positive relationship.

George & Rupashree (2019) attempted to forecast the FDI inflow in India for the period of five years ranging from 2019-2023. The study used three forecasting models, namely, naive model, exponential model and ARIMA model. The result shows that FDI inflow during the next five years does not show an increasing trend when compared to previous years. Thus, the study suggested that government should take care in framing policies and procedures that would enable the investors to invest in the economy and further to boost economic growth. Jana, Sahu, & Pandey (2019) argued that without sufficient development of agriculture and manufacturing sector, the sustainability of service-led growth is highly questionable and recommended that the policymakers to rethink on improving spillover effect of manufacturing FDI within the sector to ensure sustainable growth of the sector. John (2019) suggested that to attract more FDI, better facilities needs to be created and improvement in infrastructure to raise productivity.

Objective of the Study

The objective of the present study is to analyse the trend and pattern of FDI inflows in India during the period from 2000-01 to 2018-19.

Methodology of the Study

The present study is based on the information and data collected from the secondary sources. To analyze the performance and pattern of FDI inflows, data have been collected from different sources such as Ministry of Commerce database, annual reports and press notes of Government of India. In the present study, data from April 2000 to March 2019 have been considered. Collected data have been analysed with the help of both YOY growth rate and Compound Annual Growth Rate. Further, the study has used line chart for the lucid presentation of trend of FDI inflows in India.

Data Analysis

Table 1 presents year wise FDI equity inflows. From the table, it is found that during the period under consideration, there are huge fluctuations and variations in the pattern of investments of foreign capital due to flows and withdrawals. The gross FDI received from April 2000 to March 2019 is Rs. 23,78,887 Crore. The FDI inflows increased from Rs. 10,733 Crore in 2000-01 to Rs. 309,867 in 2018-19 at the compound annual growth rate of 20.54 percent. The year 2001-02 shows a growth at the rate of 73 percent in the FDI inflows because of high demand of Indian consumers, liberalized government policy and good communication facilities. From the year 2004-05 to 2008-09, the growth rate of FDI inflows has shown increment with a highest spike in the year 2006-07 i.e. of 129.38 percent, a tremendous flow of foreign capital. But, from the year, 2009, the value of FDI has started declining due to the decrease in the money value of rupees. Figure 1 portrays these fluctuations in FDI inflows clearly.

Table 1: Year wise FDI equity inflows

Year	**Amount of equity inflows** *(in Rupees Crore)*	**YOY Growth** *(%)*
2000-01	10,733	--
2001-02	18,654	73.80
2002-03	12,871	-31.00
2003-04	10,064	-21.81
2004-05	14,653	45.60
2005-06	24,584	67.77
2006-07	56,390	129.38
2007-08	98,642	74.93
2008-09	142,829	44.80
2009-10	123,120	-13.80
2010-11	97,320	-20.96
2011-12	165,146	69.69
2012-13	121,907	-26.18
2013-14	147,518	21.01
2014-15	181,682	23.16
2015-16	262,322	44.39
2016-17	291,696	11.20
2017-18	288,889	-0.96
2018-19	309,867	7.26
Total FDI Inflows from all countries	23,78,887	
CAGR (%)	20.54	

Source: Ministry of Commerce, Govt. of India

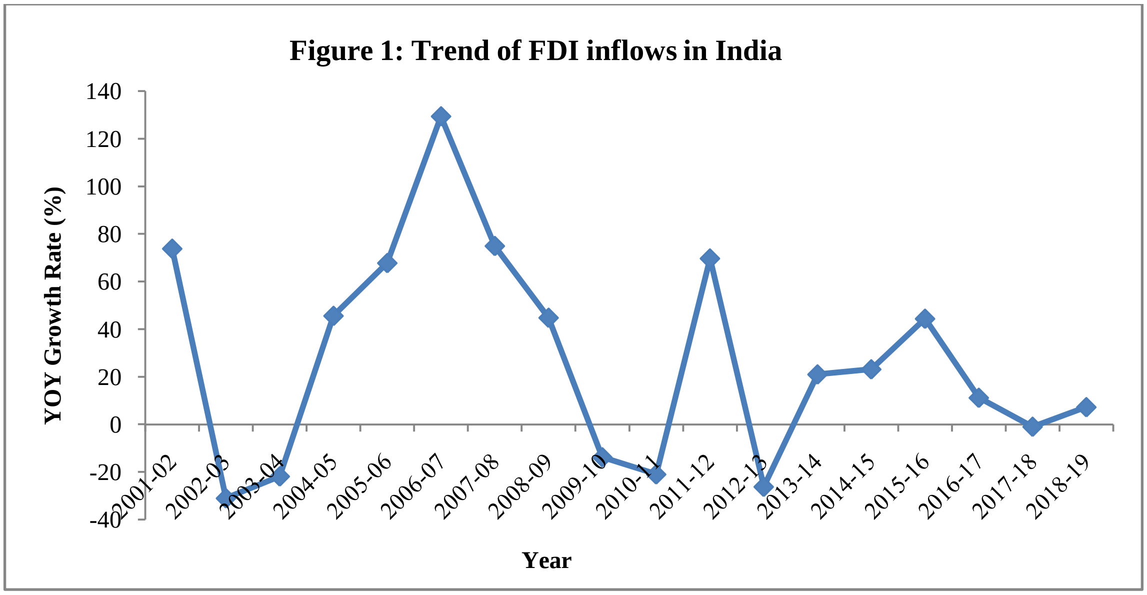

Table 2 presents the FDI equity inflows from top ten countries. India received maximum inflow of foreign capital from Mauritius followed by Singapore, Japan, Netherlands and U.K. India received the highest inflow from Mauritius because of entering into a Double Taxations Avoidance Agreement. In terms of percentage of total FDI inflows, maximum inflows made at the rate of 31.03 percent and 21.27 percent of total FDI inflows respectively at a higher trend. On the other hand, the percentage has been observed to be single digit in case of rest of the countries ranging from 1.38 percent from France to 7.29 percent from Japan.

Table 2: Highest FDI inflows from top 10 investing Countries
(April, 2000- March, 2019)

Sl No.	Countries	Cumulative inflows *(in Rupees Crore)*	Parentage of Total FDI inflows
1	Mauritius	738,156.04	31.03
2	Singapore	505,946.38	21.27
3	Japan	173,331.56	7.29
4	Netherlands	162,251.09	6.82
5	U.S.A.	146,372.00	6.15
6	United Kingdom	140,369.58	5.90
7	Germany	65,477.24	2.75
8	Cyprus	51,544.25	2.17
9	U.A.E.	39,309.59	1.65
10	France	32,824.60	1.38

Source: DPIIT, Govt. of India

Table 3 presents sector wise FDI inflows in India. From the table, it is observed that the sector receiving highest inflow of FDI is the service sector, comprising of banking, insurance, financial/non-financial etc. The service sector received the highest amount with a cumulative inflow of Rs. 416,301.00 Crore that constitute of 17.50 percent of total FDI inflows in India. This inflow to service sector will enable the economic performance on the domestic domain as well as to the external fronts. The share of computer and of telecommunications is at 9.32 percent and 7.91 percent respectively. Trading sector's share in total FDI inflows is accounted to 6.04 percent followed by Automobile, Construction, Infrastructure, Chemicals, Pharmaceuticals and Power. There exist a gradual shift in the movement of FDI inflow where sector specific policy play an important role in FDI inflow but a strong manufacturing sector is of outmost vital for the sustainable growth of service sector. This kind of growth, which is propelled by the global economic environment, is vulnerable to global economic phenomena and is not conducive to a developing country like India (Sutradhar, 2016). During the recent global crisis, FDI inflows showed an increasing trend and it is also expected to grow in coming years. The FDI inflow to service sector is the most with a positive economic impact and thus allowing multi brand retailing (Teli, 2014).

Table 3: Sectors attracting highest FDI inflows
(April, 2000- March, 2019)

Sl No.	**Sectors**	**Cumulative inflows** *(in Rupees Crore)*	**Parentage of Total FDI inflows**
1	Services	416,301.22	17.50
2	Computer	221,756.00	9.32
3	Telecom	188,248.86	7.91
4	Trading	143,598.82	6.04
5	Automobile	123,988.58	5.21
6	Construction	119,613.96	5.03
7	Infrastructure	93,872.77	3.95
8	Chemicals	91,062.19	3.83
9	Pharmaceuticals	87,167.50	3.66
10	Power	77,889.36	3.27

Source: DPIIT, Govt. of India

New FDI Policy

Recently, India joined the list of those countries that have placed high restrictions on foreign investment due to ongoing Covid-19 crisis to fend off predatory investment. The new FDI policy announced by the Ministry of Finance on April 2020 requires that all investment from the investors of Afghanistan, Bangladesh, Bhutan, Myanmar, Pakistan, Nepal and China sharing a land border with India would henceforth require to invest through government approval route irrespective of the sector (DPIIT Press note 3, 2020).

Further, in the event of a transfer of ownership of any existing or future FDI in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the restriction/ purview of the bordering countries, such subsequent change in beneficial ownership will also require a government approval. The restriction takes out all potential funding from new investors as well as supplementary funding from a beneficial owner from India's land border-sharing countries from the automatic route. The move does not aim in the restriction of the foreign investment from the land bordering countries but only intends to regulate the future foreign investments or transfer of existing investments to beneficial owners located in bordering countries in India. In the present form, since a 'perceived' restriction of government approval has been imposed on any form of investment by a land bordering nation's entity, the possibility of some delay in the ongoing transactions cannot be ruled out. However, such a policy action has been used for the sole purpose of avoiding opportunistic takeovers of Indian companies with a limited coverage to the land-bordering countries around India. In the present circumstances of a raging Covid-19 pandemic rendering many Indian entities vulnerable, the Government's move is directly in line with public welfare and national security interests (Damodaran & Chakravarty, 2020). The amendment of the FDI policy follows the footsteps of many other countries trying to prevent China's predatory measure of purchasing of low valuation assets during the Covid-19 crisis. Relevant to this, the European Commission pointed out that the current economic shock would increase the potential risk to strategically important industries. The takeover of weakened strategic assets through FDI is a widespread fear (Singh & Tembey, 2020).

Conclusion

Considering the current scenario of global environment, it is not possible for a country to have fast pace of economic development. In the year 2014, when a new FDI policy introduced, the inflows witnessed a positive pattern of foreign investment, due to the adoption of more liberal foreign policy and quantum of measures taken by the Union Government. The share of FDI increased from the year 2013-14 showing a positive effect on the country's economy. Service sector receives the highest amount of FDI followed by computers, telecommunication and other manufacturing related industries. FDI is necessary for new job creation, expansion of existing manufacturing industries and development of the new one. Indeed, it is also need for in the healthcare, education, R&D, infrastructure, retailing and in long- term financial projects (Bajpai, 2016). It is important to note that, in line with global situation, the Press Note regarding the introduction of a new FDI policy, 2020 is intended to increase regulatory oversight on investments from bordering countries. However, it would be optimal for the government to clarify those matters time to time with the adoption of any changes with respect with the Indian foreign exchange regulations. The result of sector level output export productivity is trifling due to stumpy flow of FDI. India would do better by concentrating on the government and public policies by opening up the export oriented sectors and improving human resources for constructing a steadfast macroeconomic framework and situations which would be favorable for systematic and productive investments to amplify the process of economic growth and development (Sultana, Kagdiyal, Goyal, Chakkala, & Sai, 2019). India would be the most attractive market for global partner. Thus, the Union Government aims to achieve US$ 100 billion worth of FDI inflow in coming two years (IBEF, 2020).

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