Emerging Issues in Management & Economics in the Post Pandemic Era

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Preface

Emerging issues and trends in management and economics refer to the latest managerial practices that entrepreneurs and managers use to strategically manage their employees and as the market situation evolves, the managerial trends also change. These changes are subject to the market conditions of that time period. The most popular recent trends in management and economics are total quality management, risk management, and crisis management etc. Certain changes are also observed in different industries like manufacturing of leather due to environment protection norms. Education sector also affected due to COVID -19 pandemic. The impact of the COVID-19 pandemic was also mitigated through monetary policy and liquidity operations.

A GIG economy is a free market system in which temporary positions are common and organizations hire independent workers for short-term commitments. The significance of GIG-economy cannot be undermined as the forces of globalization continue to increase every day. Although Indian industries are still coping with the uncertainty during the COVID-19 crisis and the industry has gone down by 60-70 per cent.

It is hoped that this edited book will enable readers to understand the concepts, analyze sustainability issues, individually and can be aggregated by creating appropriate sustainability models. However, this book does not only target industrialists and academicians but also will be a valuable resource for researchers and postgraduates in development studies, management, economics and environmental studies.

Editors

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Editors

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CHAPTER-1

A Study on Monetary Policy Operations during COVID-19 in India

Dr. Aisha Badruddin

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Abstract

The impact of the COVID-19 pandemic was mitigated through monetary policy and liquidity operations in 2020-21.The objective of the study is to understand major developments in monetary policy during COVID-19 along with studying the operating framework, drivers and management of liquidity during COVID-19. And also it aims to know the operating targets and policy rates during COVID-19 situation.The study is based on literary review and secondary data gathered from various research papers, annual reports and websites. The information has been majorly extracted from the Monetary Policy Operations part of the Annual Report of RBI.In 2020-21, monetary policy had to deal with the dual task of recovering growth after COVID-19's losses while also ensuring that inflation fell below the upper tolerance band and aligned with the target. It was also found that the inflation remains a major problem, preventing monetary policymakers from taking advantage of the space available to promote growth. More efforts are needed to reduce supply-side inflationary pressures.

Keywords: Monetary policy, RBI, COVID-19, liquidity and interest rates.

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1. Introduction

The impact of the COVID-19 pandemic was mitigated through monetary policy and liquidity operations in 2020-21. The monetary policy committee (MPC) reduced the policy repo rate by 115 basis points (bps) between March and May 2020, following a 135-bps drop from February 2019 to February 2020. These initiatives, which were backed by both traditional and unconventional liquidity measures, boosted financial market sentiment while maintaining orderly market conditions. Interest rates and bond yields fell across market segments, and spreads narrowed, indicating that monetary transmission has improved.

Commercial banks use maturity transformations to support themselves with shorter-term liquid deposits and make loans and advances that are less liquid and have a longer term. This puts them at risk of asset-liability mismatches, among other things. Regulators mandated that banks keep high-quality liquid assets to deal with such strains in the aftermath of the global financial crisis of 2008.

2. Literature Review

Regular liquidity operations by the central bank address system-wide liquidity imbalances. In the event of bank-specific stress events that cannot be mitigated by own liquidity buffers, and if access to system-level liquidity is also limited or unavailable, recourse to the central bank's lender of last resort (LOLR) facility can be made for a solvent but illiquid bank against good collateral at a penal rate, in accordance with the Bagehot (1873) principle. The conventional LOLR function has broadened to include supporting financial markets to avert asset fire sales, since financial markets have grown in importance; central banks are thus developing as market makers of last resort (MMLR) (Hauser, 2021). Major central banks have broadened

eligible counterparties, simplified collateral requirements, and offered support at lower penalty rates during COVID-19 (BIS, 2020).
According to a survey of major central banks, the Federal Reserve retains the capacity to extend discount window loans to individual depository institutions facing funding constraints or to banks more broadly to address larger financial concerns in the United States (Fischer, 2016). The European Central Bank (ECB) standards for LOLR support in the euro region require credit institutions to achieve solvency criteria (minimum capital requirements or a credible prospect of recapitalisation). LOLR support is typically provided for less than a year at a penalty rate (ECB, 2020). Through improved supervisory and resolution procedures, transparent terms for access, pricing, and collateral, and enhanced accountability and governance rules, the Bank of England has increased safeguards for its LOLR support (Hauser, 2016). The Bank of Japan agrees to support the LOLR if, among other things, there is no alternative to central bank funding and financial soundness is not jeopardized (Hiroshi Nakaso, 2014).

To promote macroeconomic and financial stability in India, the Reserve Bank of India can give emergency liquidity assistance to stressed but solvent individual banks. Before requesting LOLR assistance, the struggling financial institution is supposed to exhaust all available resources from the market and the Reserve Bank's conventional liquidity facilities (such as LAF and MSF). Under the Reserve Bank of India Act, 1934, the Reserve Bank can give LOLR support. It usually does so with suitable haircuts and defined collaterals, ideally central or state government securities. LOLR support is normally provided for up to 90 days at a penalty rate that is higher than the repo rate.

The Reserve Bank's goal in the event of weak commercial banks is to strengthen them by suitable and timely restructuring or mergers and acquisitions, with the primary goal of financial stability in mind, and then to offer LOLR support to the restructured/amalgamated firm as needed. Furthermore, the Reserve Bank's Deposit Insurance and Credit Guarantee Corporation (DICGC), which is a wholly owned subsidiary, protects bank deposits up to $5 lakh. As a result, 98.1 percent of deposit accounts are fully protected as of March 31, 2021, compared to 80 percent internationally. Regular liquidity operations, LOLR support, pre-emptive restructuring/amalgamation of weak banks, and a generous deposit insurance cover have all contributed to financial stability and the avoidance of commercial bank collapses.(RBI, Annual Report, 2021)

Following the emergence of the COVID-19 pandemic, the Reserve Bank of India launched a variety of conventional and unconventional steps to safeguard the financial system and sustain the real economy, guided by Bagehot's dictum (Das, 2020). In its LOLR role, the Reserve Bank provided emergency support to a few commercial banks experiencing idiosyncratic stress and special liquidity facilities (SLF) to All India Financial Institutions (AIFIs)4, as well as providing and maintaining ample surplus systemic liquidity through open market operations, cash reserve ratio reductions, long-term repo operations (including targeted at stressed sectors and issuers), and special liquidity facilities for mutual funds.(RBI, Annual Report, 2021)

Overall, the Reserve Bank has a broad, effective, and independent mandate to carry out its LOLR responsibilities in the interest of systemic stability, including restructuring/reconstruction, amalgamation, and liquidation, while maintaining the strength and soundness of its own balance sheet through a strong economic capital framework.During 2020-21, monetary policy and liquidity operations were aimed at reducing the negative

impact of the COVID-19 pandemic's enormous economic destruction on the Indian economy. During June-November 2020, supply difficulties exerted continuous upward pricing pressures, with inflation exceeding the upper tolerance band for six months in a row. The monetary policy committee (MPC) kept the policy repo rate unchanged from June 2020 to February 2021, following a significant decrease of 115 basis points (bps) in March-May 2020. Given the growth-inflation dynamics, the MPC decided to maintain its accommodative posture for as long as it is necessary to resurrect growth on a long-term basis and offset the impact of COVID-19 on the economy, all while keeping inflation within the target. These decisions were made with the goal of meeting the medium-term aim for consumer price index (CPI) inflation of 4% within a 2-percentage-point range while supporting growth. (RBI, Annual Report, 2021)

In the years 2020-21, the Reserve Bank took a variety of traditional and unconventional measures to resolve liquidity shortages caused by COVID-19-related dislocations. This unusual response alleviated financial stress, freed up monetary transmission and credit flows, and ensured financial stability. Financial market sentiments were reinforced and orderly market conditions were ensured, as fears of liquidity drying up were alleviated. Interest rates and bond yields fell across the board, and spreads shrank to pre-COVID levels. Surplus liquidity conditions aided corporate bond issuances, allowing for a record number of issuances at reasonable costs. forward. Despite a considerable increase in market borrowings, the government could raise funds at the lowest weighted average cost in 17 years, with the highest weighted average maturity of the public debt stock on record.(RBI, Annual Report, 2021)

During 2020-21, surplus liquidity conditions, along with external benchmark-based pricing of variable rate loans, resulted in a significant improvement in monetary transmission. For the most part, interest rates on outstanding loans have decreased. The external benchmark-linked framework encouraged banks to modify term and saving deposit rates to protect their net interest margins, resulting in improved monetary transmission.(RBI, Annual Report, 2021)
Several studies were conducted in 2020-21 in order to improve the analytical inputs for monetary policy and liquidity management. They included: improving inflation forecasting with a broader information system, including commodity price monitoring; enhancing the external sector block of the QPM by incorporating capital inflows dynamics and recalibration of the QPM based on recent empirical estimates; and recalibration of the QPM based on recent empirical estimates. The impact of the LTRO and TLTRO on bond markets; the dynamics of banks' holdings of government securities and credit growth to assess the relative roles of crowding out and portfolio rebalancing; analyzing and forecasting currency demand in India; evaluating the impact of bank asset quality on monetary policy's credit channel; constructing an economic activity index for India; revisiting the determinants of term premium in India; investigating the pass-through of global food prices to domestic prices in emerging market economies (EMEs); and assessing volatility spillover from US monetary policy on selected EMEs, including India. (RBI, Annual Report, 2021).

3. Research Methodology

3.1. Objectives of the study

3.1.1. To study the major developments in monetary policy during COVID-19

3.1.2. To study the operating framework, drivers and management of liquidity during COVID-19

3.1.3. To know the operating targets and policy rates

3.2.Sources of data

The study is based on literary review and secondary data gathered from various research papers, annual reports and websites. The information has been majorly extracted from the Monetary Policy Operations part of the Annual Report of RBI.

3.3.Findings and Discussion

Significant Developments in Monetary Policy during COVID-19

3.3.1. The COVID-19 pandemic produced significant risk aversion and increased volatility in financial markets, prompting a move of the MPC's first two meetings from March 31, April 1 and 3, 2020, to March 24, 26 and 27, 2020, and May 20-22, 2020, respectively. The MPC stated in its March 2020 meeting that the pandemic's macroeconomic risks, both on the demand and supply sides, could be severe, and that it was vital to take whatever steps were necessary to protect the domestic economy from the epidemic. As a result, the MPC voted unanimously to lower the policy repo rate significantly. The repo rate was dropped by 75 basis points to 4.40 percent with a 4 to 2 majority, while two members voted for a 50 basis point cut. All members agreed to maintain the accommodative posture for as long as it was necessary to recover growth and offset the impact of COVID-19 on the economy while keeping inflation within the target range. With the economy's growth prospects bleak, the MPC resolved to cut the policy repo rate by another 40 basis points to 4.0 percent in May 2020 to take advantage of available space to further improve financial conditions and offset the negative impact of the pandemic on the economy. Five members voted for a 40 basis point drop in the policy repo rate, while one member voted for a 25 basis point reduction. The MPC also unanimously decided to maintain its accommodating approach from its March meeting. (RBI, Annual Report, 2021).

3.3.2. There was more clarity on the projected recovery of economic activity in Q2, headed by the rural sector, by the time of the August 2020 bi-monthly review.(RBI, Annual Report, 2021).

3.4.The Operating Framework: Liquidity Management

3.4.1. Monetary policy's operating framework strives to align the operating target – the weighted average call rate (WACR) – with the policy repo rate through proactive liquidity management, in line with monetary policy's stance. Faced with COVID-19-related stress and a large contraction in output, and in line with its monetary policy stance, the Reserve Bank implemented several conventional and unconventional monetary policy measures in 2020-21, with the goals of I improving monetary transmission; (ii)facilitating and incentivizing bank credit flows; (iii)addressing sector-specific liquidity constraints in the face of COVID-19-related dislocations; and (iv) reinvigorating the economy.(RBI, Annual Report, 2021).

3.5.Drivers and Management of Liquidity

3.5.1. The Reserve Bank took pre-emptive actions in Q4:2019-20 in response to heightened financial stress, widening spreads, and market liquidity seizure worsened by highly volatile capital flows as a result of the pandemic. Since February 2020, the Reserve Bank has announced a total of 13.6 lakh crore in

liquidity augmentation measures (through to March 31, 2021). (6.9 per cent of nominal GDP for 2020-21). The Reserve Bank's Forex operations and currency in circulation (CiC) increase were the key sources of liquidity, with the former more than offsetting leakage from the pandemic's heightened precautionary currency demand. System liquidity was increased by both conventional and unconventional monetary policy methods.(RBI, Annual Report, 2021).

3.5.2. CiC expansion drained system liquidity by 2.13 lakh crore in Q1:2020-21, but this was more than offset by liquidity injections through I targeted long-term repo operations (TLTROs) (87,891 crore), (ii) OMO purchases (1.2 lakh crore), and (iii) FX operations (1.0 lakh crore). In addition, the Reserve Bank issued a special liquidity facility for mutual funds (SLF-MF) worth 50,000 crore, albeit only 2,430 crore was used. Furthermore, the Reserve Bank provided special refinance facilities to All India Financial Institutions (AIFIs) worth Rs. 65,000 crore, including I 25,000 crore to the National Bank for Agriculture and Rural Development (NABARD) for refinancing regional rural banks (RRBs), cooperative banks, and micro finance institutions (MFIs); and (ii) 25,000 crore to the National Bank for Agriculture and Rural Development (NABARD) for refinancing regional rural banks (RRBs) cooperative banks and micro finance institutions (MFIs); (ii) 15,000 crore to the Small Industries Development Bank of India (SIDBI) for on-lending/refinancing; (iii) 10,000 crore to the National Housing Bank (NHB) for supporting housing finance companies (HFCs); and (iv) 15,000 crore to the Export Import Bank of India (EXIM Bank) to enable it to use the US dollar swap facility for its foreign exchange requirements. 3 During the quarter, the excess liquidity resulted in an average daily net absorption of 4.722 lakh crore under the LAF. The Reserve Bank also undertook a special OMO in Q1:2020-21 that involved the simultaneous purchase and sale of liquidity-neutral securities to disperse liquidity more evenly across the yield curve and improve transmission.(RBI, Annual Report, 2021).

3.5.3. On April 17, 2020, the LAF's fixed rate reverse repo rate was cut by 25 basis points (from 4% to 3.75%) without affecting the MSF or the repo rate, effectively enlarging the asymmetric corridor.(RBI, Annual Report, 2021).

3.5.4. Even as CiC expansion remained subdued in Q2:2020-21, forex purchase operations added 2.1 lakh crore to system liquidity, while the Reserve Bank injected 27,862 crores through OMOs. As a result, even if average daily net absorption reduced to 3.9 lakh crore over the quarter, surplus liquidity maintained. The Government of India (GoI) announced a 30,000 crore scheme as part of the AatmaNirbhar Bharat package to enhance the liquidity position of NBFCs (including MFIs) and HFCs in order to minimize any potential systemic concerns to the financial sector. The Reserve Bank provided liquidity under the plan, which began on July 1, 2020, by subscribing to government-guaranteed special securities issued through a Special Purpose Vehicle (SPV).(RBI, Annual Report, 2021).

3.5.5. To minimize the cost of borrowing, banks that took out LTROs in February March 2020 thencurrent repo rate (5.15%) were offered the option of reversing the se transactions before maturity in September 2020 by taking out new funds at the reduced repo rate of 4.0 percent. Under this facility, banks repaid Rs 1,23,572 cror e, or roughly 98.8% of the total amount borrowed under the different LTROs. Dur

ing Q2:2020-21, the Reserve Bank also performed five special OMOs. To promote orderly market circumstances, the Reserve Bank increased the Held-to-Maturity (HTM) category limits for statutory liquidity ratio (SLR) securities bought on or after September 1, 2020 from 19.5 percent to 22 percent of net demand and time liabilities (NDTL).(RBI, Annual Report, 2021).

3.5.6. The main drivers of liquidity in Q3:2020-21 were an increase in currency demand (95,181 crore) and the Reserve Bank's FX buying operations (2.0 lakh crore). In addition, OMOs were used to inject durable liquidity worth Rs 89,140 crore, and the Reserve Bank held six special OMO auctions during this time. As a result, net LAF absorptions increased to 5.33 lakh crore in the third quarter. Under a program comparable to the return of LTRO funds, banks returned TLTRO funds of Rs 37,348 crore, or around 33.1 percent of the total sum of Rs 1,12,900 crore. The Reserve Bank announced 'On tap TLTROs' with tenors of up to three years for a total amount of up to 1,00,000 crore at a floating rate linked to the policy repo rate to foster the revival of activity in specific sectors that have multiplier effects on growth through both forward and backward linkages. Over and above the outstanding level of their investments in such instruments as of September 30, 2020, banks must use liquidity obtained under the program to invest in corporate bonds, commercial papers, and non-convertible debentures issued by firms in designated industries. The scheme's liquidity can also be utilised to extend bank loans to certain industries. Financial market stability and the orderly evolution of the yield curve, according to the Reserve Bank, are public goods that benefit all stakeholders in the economy.(RBI, Annual Report, 2021).

3.5.7. Staff and IT resources were substantially damaged by the COVID-19 epidemic, and the resulting thinning of activity hampered financial market liquidity and exacerbated volatility in financial product prices. As a result, starting April 7, 2020, trading hours for various Reserve Bank-regulated marketplaces would be reduced. Following the gradual lifting of the lockdown, the lessening of restrictions on people's movement, and the restoration of normal office operations, it was decided to gradually restore trading hours commencing November 9, 2020.(RBI, Annual Report, 2021).

3.5.8. During Q4:2020-21, the Reserve Bank announced on January 8, 2021 that it would take steps to gradually return to normal liquidity management operations, and on January 15, January 29, February 12, February 26, and March 12, 2021, it held five 14-day variable rate reverse repo (VRRR) auctions totalling 2 lakh crore. The fixed rate reverse repo absorbed liquidity grew from a fortnightly average of 4.3 lakh crore from January 16 to 29, 2021 to 4.9 lakh crore from January 30 to March 31, 2021. The Reserve Bank also reaffirmed its commitment to keeping the system liquid. On February 5, 2021, the Reserve Bank announced additional measures, including I allowing banks to lend to NBFCs under the TLTRO on Tap scheme for incremental lending to specified stressed sectors; (ii) gradual restoration of the CRR in two phases in a non-disruptive manner to 3.5 percent effective March 27, 2021 and 4.0 percent effective May 22, 2021; and (iii) gradual restoration of the CRR to 3.5 percent effective March 27, 2021 and 4.0 percent effective May 22, (iii) Exemption from CRR maintenance for credit flow to new micro, small, and medium enterprise (MSME) borrowers for exposures up to 25 lakh per borrower for credit extended until October 1, 2021; and (iv) extension of relaxation in availing funds under MSF by dipping into SLR up to 3.0% of NDTL

until September 30, 2021; and The Reserve Bank decided to conduct two fine-tuning variable rate repo auctions of 25,000 crore each on March 26 and March 31, 2021, of 11-day and 5-day tenors, respectively, to meet any additional/unforeseen demand for liquidity and to provide flexibility to the banking system in year-end liquidity management. It was also decided not to hold the 14-day VRRR auction on March 26 in order to provide adequate liquidity for handling year-end requirements.(RBI, Annual Report, 2021).

3.5.9. Nineteen auctions of operation twists (OTs) were held in 2020-21. The scale of OTs was extended to 15,000 crore (on March 4) in March, and on March 10, 2021, an asymmetric OT with a liquidity impact (buy 20,000 crore; sales 15,000 crore) was executed, which generated a favorable market response. In total, 3.13 lakh crore of cash was pumped through net OMO purchases in 2020-21. With the growing importance of financial markets and the need to prevent institution-specific liquidity difficulties from becoming systemic, the central bank's conventional lender of last resort (LOLR) function has increased.(RBI, Annual Report, 2021).

3.5.10. Interest rates have fallen and spreads have narrowed across market categories, demonstrating the success of the liquidity operations and the forward guidance offered for 2020-21.The system's abundance of liquidity, along with policy rate cuts, prompted unprecedented issuance of corporate bonds, even from firms with the lowest investment ratings (BBB-). Overall, the Indian experience demonstrates that unconventional monetary policy can be beneficial even before traditional monetary policy reaches the zero lower bound.

3.6.Operating Target and Policy Rate

3.6.1. Up to October 2020, the WACR – the operating aim – remained within the corridor on all days during 2020-21, with a downward tilt. With the persistence of surplus liquidity created by massive capital inflows, the WACR and other money market rates have traded below the reverse repo rate since then.(RBI, Annual Report, 2021).

3.6.2. Monetary transmission – changes in bank deposit and lending rates in reaction to variations in the policy repo rate – improved substantially in 2020-21, aided by continued systemic surplus liquidity, stagnant credit demand, and mandated external benchmark-based pricing of floating rate loans to select sectors.(RBI, Annual Report, 2021).

3.6.3. With the implementation of external benchmark-based loan pricing on October 1, 2019, banks now have more flexibility in determining deposit rates and MCLR-based loans. Because, unlike MCLR-based loan pricing, changes in lending rates are independent of changes in deposit rates for loans tied to an external benchmark, banks must lower deposit rates – both savings and term deposits – to safeguard their net interest margins (NIMs). The term deposit rate reduction applies solely to new term deposits, whereas the saving deposit rate drop applies to all savings deposits. Five major banks' saving deposit rates, which ranged from 3.25 to 3.50 percent in September 2019, were reduced to 2.70 to 3.00 percent in March 2021. 6 Modifications in bank saving deposit rates cause an immediate adjustment in the banks' cost of funds, which affects the MCLR and lending rates

on new rupee loans (provided the spread over the MCLR remains relatively stable). As a result, the effect of external benchmark-based loan pricing on monetary transmission has extended to sectors that are not related to external benchmark loan pricing.Unlike the preceding year, when WALR on outstanding loans fell at a slower rate than those on new rupee loans, WALRs on both outstanding and new loans fell in lockstep during 2020-21, as banks were needed to reset interest rates on outstanding loans associated to the current MCLR, which is generally of 1-year tenor, or to the external benchmark, which has a maximum duration of 3-months.(RBI, Annual Report, 2021).

3.6.4. The transmission of deposit and lending interest rates has been uneven among bank groupings. Foreign banks can respond quickly to policy rate changes due to their low cost and shorter period deposits. Public sector banks, on either side, rely more on customer term deposits and face competition from other saving tools such as modest savings, limiting their ability to cut rates in lockstep with the policy rate. Private sector banks had greater transmission than foreign banks in terms of WADTDR. However, public sector banks' WALR on new rupee loans and outstanding loans fell faster than private sector banks'.(RBI, Annual Report, 2021).

3.7.Sectoral Lending Rates

3.7.1. Interest rates on existing loans fell for the majority of sectors in 2020-21, with large drops in professional services and other personal loans.

External Benchmarks:

3.7.2. As of end-March 2021, the Reserve Bank's policy repo rate was the external benchmark for floating rate loans to the retail and MSME sectors, according to the majority of banks (39 out of 65). Four financial institutions have implemented sector-specific benchmarks.(RBI, Annual Report, 2021).

3.7.3. Other personal loans had the biggest median spread in relation to fresh rupee loans (i.e., median WALR above the repo rate) among loans related to the policy repo rate, followed by MSME loans. Private sector banks traditionally charged a greater spread than public sector banks among domestic bank groups.(RBI, Annual Report, 2021).

3.7.4. There has been a substantial improvement in the transfer of all new loans sanctioned in industries where new variable rate loans are connected to an external benchmark. Since the introduction of external benchmarks, WALRs on housing, vehicle, and other personal loans have decreased dramatically, i.e. from October 2019 to March 2021.Other personal loans (181 basis points) were the hardest hit, followed by MSME loans (179 basis points); at the same time, WALR on new rupee loans fell by 154 basis points across all sectors.(RBI, Annual Report, 2021).

4. Conclusion

4.1. In 2020-21, monetary policy had to deal with the dual task of recovering growth after COVID-19's losses while also ensuring that inflation fell below the upper tolerance band and aligned with the target. A variety of traditional and non -

traditional monetary and liquidity measures were effective in ensuring adequate surplus systemic liquidity to address COVID-19-related stress in the financial markets, resulting in significant softening of interest rates across the spectrum, narrowing of risk spreads to pre-COVID levels, and facilitating large flows through the corporate bond market. On the back of surplus liquidity conditions and the mandatory external benchmark system of loan pricing for specific industries, transmission to banks' deposit and lending rates improved dramatically.

4.2.The rate of economic recovery in 2020-21 turned out to be faster than expected. However, various uncertainties cloud the picture, and the future depends on how COVID-19 outbreaks and immunizations evolve. Continued policy assistance will be necessary for a long-term recovery. Inflation remains a major problem, preventing monetary policymakers from taking advantage of the space available to promote growth. More efforts are needed to reduce supply-side inflationary pressures. While maintaining an accommodative stance, monetary policy will carefully monitor all vulnerabilities to price stability in order to anchor broader macroeconomic and financial stability.(RBI, Annual Report, 2021).

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CHAPTER-2

A study on challenges Faced by Kanpur based Leather Exporters

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&
****Mohammad Shiraz**

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Abstract

Kanpur, is a city which is known as industrial hub of the state of Uttar Pradesh, holds a major industrial cluster of leather and leather products manufacturing and exports of India. It consists of mainly small and medium business enterprises, located at the bank of the Ganga river. These industrial units have been meeting the needs of society and economy by generating employments and earning foreign exchanges for India, but many industrial surveys reveal that the cluster does not meet the requirement of the first pillar of sustainability i.e. environment. This study focuses on the challenges faced by the leather and leather product manufacturing units in order to find out appropriate strategies for its sustainable development.

Keywords: Kanpur; Cawnpore, India. Leather; Saddlery,

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I. Introduction

History of leather industry: Skin was a valuable commodity even from the times of Vedic literature. There are many reference of the skin of elephant used as cloth by Lord Shiva in the Hindu epic Mahabharata. Again, Lord Shiva, the Greatest Destroyer in the Hindu mythology used to sit on a tiger's skin for his deep meditation and penance. The Bible mentioned "Unto Adam also and to his wife did the Lord God make coats of skins and clothed them" (Genesis 3:21). As well as Holy Quran "He (almighty) created the cattle. They are the source of clothing and food and variety of other benefits for you" (An-Nahl 16:5). The origin of the art rightly be said to have sprung into existence from the misty depths of antiquity.

The leather tanning activities in local areas were mainly in the hands of the village chamars and at that time they were sufficient to meet the local needs. International export started only during the 1880s. With the out-break of World War II an impetus demand of leather prove to be a catalyst to the development of leather and leather goods industry in India. While in 1913-14 there were only 25 large units, employing 2,753 workers, the number of units had increased to 114 and the workers to 26, 056, Just Before 1947, though the British had shown considerable interest in leather manufacturing in India and had even established some chrome tanning units in Bengal, however India mainly exported raw hides and skins.

Kanpur or as referred by British Cawnpore came up on the map of the region as an urban centre only in 1778, when a platoon of the English East India Company was deployed to keep a watch on the neighboring Awadh and the Doab regions. The emerging demands of the platoon attracted several small businessmen, craftsmen, and artisans to Kanpur. Leather and leather related products like boots, harness, saddlery, etc. constituted one of the most

important requirements of the army. Most of the demand was met by leather craftsmen who had migrated to the nascent urban centre. After the transfer of power to the British crown from the East India Company, Kanpur emerged as an important centre for organized leather production in the region. Several large organizations such as the Government Harness and Saddlery Factory and Cooper Allen & Co. supplied leather goods including army boots, saddlery, harness and other leather products used by the armed forces. The leather industry was boosted by the demands of the several expeditions and campaigns of the British Empire, including the two World Wars. (*Silver Jubilee Commemoration Brochure of BIC*, 1944)

Post-independence growth story:

Kanpur was one of the largest industrial towns in the country and was known as the 'Manchester of the East'. But almost immediately after independence, Kanpur witnessed rapid industrial decline, and by the 1990s the popular media dubbed it a 'dead city', 'graveyard of industries', etc. (Chakrabarti, 1995).

After 1947 the demand for army boots declined, and with it the organized leather industry of the city. Besides army footwear, Kanpur was a large centre for manufacturing chappals (informal footwear) in the unorganized sector. The revival of the cluster took place in the 1970s, when leather started being exported from Kanpur in large quantities. At present this cluster produces leather and leather products like footwear, saddlery and harnesses and other miscellaneous.

After independence, planned efforts were made by the government of India to promote and develop export trade by the adoption of the Export Policy Resolution in 1970 and implementing the recommendations of the Seetharamiah Committee. This led to standardization of material and the development of the tanning industry the leather industry utilizes a by-product of the dairy industry and slaughter-houses and processes it to produce leather and leather products.

Current situation:

The Indian leather industry today has established itself as a prominent industry both in international as well as in the domestic market. Apart from being the ninth largest exporter of leather and leather products it is also the second largest producer of footwear and leather garments, with annual revenue of USD 8,500 million for 2011-12 with exports of USD 4,868.71 million. The sector itself employs more than 2.5 million people and is one of the top foreign currency earners in India. Abundant raw material, skilled work force, compliance with environmental standards and growth shown by the associated industries has helped the sector to grow many folds.

Export highlights:

India's leather industry has grown drastically, transforming from a mere raw material supplier to a value-added product exporter.

- Total leather and leather good exports from India stood at US$ 5.92 billion in FY 2015-16.
- During 2015–16, the major markets for Indian leather products were US (14.25 per cent), UK (12.24 per cent), Germany (11.5 per cent), Italy (6.9 per cent), Spain (5.6 per cent), Hong Kong (5.4 per cent), France (5.3 per cent), UAE (4.5 per cent),

Netherlands (3.2 per cent), China (2.8 per cent) and Australia and Belgium (1.45 per cent each).

- At 47.0 per cent, footwear accounted for the lion's share of leather exports in FY 2015-16, followed by leather goods and accessories with 23.0 per cent share, and finished leather with 18.0 per cent share, leather garments with 9.0 per cent share, and saddlery & harness with 3.0 per cent share.
- Per capita footwear consumption in India is expected to increase up to four pairs, while domestic footwear consumption is expected to reach up to five billion pairs by 2020.

II. Purpose of the study

Instead of having considerable diverse heterogeneity, the Leather industry of India is striving to achieve its potential best. It is one of the most unnoticed as well as treacherous sectors and very few researches have been carried out in this area till now. Because of the diversity existing in this sector and also due to the fact that economic, social as well as environmental sustainability have become unavoidable factors for any industry nowadays, it becomes absolute essential to analyze the several issues and factors regarding sustainability that can facilitate as well as slow up the attainment of sustainability in the Indian leather industry (Singh and Dhananjai 2013) This study will provide detailed analysis regarding nexus of challenges Kanpur leather industry is facing in the awake of 21st century. Leather industry is a valuable foreign exchange earner as well as robust in earning 1 to 2 % of GDP from its nascent stage. This two century old industry which is highly composed of SMEs in a wake of host of environmental and non environmental challenges finding it difficult to grasp a foothold in an already shifting sands of business environment. At the brink of such turning tides it is necessary to carry out a study that could acknowledge the all round challenges Kanpur leather industry is facing.

III. Research Methodology

This study is based on secondary information based on sources published in various news daily as well as magazines from time to time, from the interviews given by industry personal, to reports published by different leather institutions. All the related materials is thoroughly researched and carefully put together without any personal bias or prejudices.

IV. Challenges Faced by Kanpur leather industry

1) Government Challenges
a) Demonetization
b) Beef Ban
c) Infrastructure (CETP)

2) Environmental Challenges
a) Chrome based tanning
b) Environmental regulation (ZLD), (UPPCB)

3) Technical Challenges
a) Testing laboratory.
b) Technical barriers.

4) Socio-economic challenges
a) Economic barriers.
b) Inadequate legislation and lack of monitoring facilities
c) Social barriers

5) International Challenges.
a) Competition with faux leather.
b) Slump in UK demand.

1. Government Challenges:

Following are the government challenges faced by Kanpur leather industry:
a) Demonetization: Demonetization comes as a surprise to many industries specially industries which are labor oriented and cash does need to change hands to get the work done. As far as leather industry is concerned it is mainly composed of small and medium units where most of the work done by individual worker or a whole family on day to day basis. Cash crunch derived by demonetization created a void in labor market as well as small factory owner, without sufficient cash to pay they are unable to carry out even the most basic functions of manufacturing. The ASSOCHAM analysis pointed out that leather industry in aforementioned centers is facing grave difficulties in production related activities due to demonetization as they are unable to make remunerate on every level of production be it for raw material, for transportation and the workforce.(Economic times demonetization)

ASSOCHAM had interacted with representatives of industrial bodies and about 100 tanneries in major leather production hub of Agra, Chennai, Kanpur and Kolkata in the last fortnight to assess the impact of the Centre's move to demonetize 500 and 1,000 currency notes in November.

The analysis observed that leather industry in aforementioned centers has been facing grave difficulties in production activity due to demonetization as they are unable to make payments on every level be it for raw hides, coal, lime as well as labor remuneration, and transportation.

In ASSOCHAM study 85% of the respondents said that their production has declined by over 60 per cent while number of workers in leather factories in aforesaid cities has come down drastically by about 75 per cent as they are not being paid properly on time and even industries have also laid off employees due to lack of finances.

In the study 60% respondents said they are no longer taking export orders in wake of demonetization as they fear in an environment of cash crunch they are unable to complete order on time. Many of the industry association's representatives in these clusters observed that leather industry would take 9-12 months' time to recover from the impact of demonetization.

b) Dependency on meat industry and Unavailability of hide/beef ban: Leather industry is based on the by-product of meat industry, Crackdown on unlicensed abattoirs, ban on the sale of cattle for slaughter and cow vigilantism together are causing a big slowdown in the meat and leather industry stated (Live Mint Report on Beef Ban).

Much of India's meat and leather trade takes place in the informal economy, meaning the impact of the closing of illegal abattoirs and ban on trading for slaughter is hard to measure. But cattle markets are reporting a big slowdown in trade and tanneries a shortage of hides. Abdul Faheem Qureshi, a representative of India's Muslim Qureshi community of butchers, said in Uttar Pradesh some markets trading 1,000 animals last year were now down to as few as 100 May (2017), the government decreed that animal markets could only trade cow and buffalo for agricultural purposes such as ploughing and dairy production—a move many in the industry say contradicts its plans to grow leather sales. Industry officials said the shock of the ban, coming on the heels of the crackdown on abattoirs and attacks against cattle workers, meant business would not easily recover.

Companies say the government's leather target would be impossible to meet unless the restrictions are reversed. About 30% of hides, mostly from buffaloes, that supply tanneries in the state are from unlicensed abattoirs "More than the economic loss, the government has injected fear," said Chandra Bhan Prasad, a writer and businessman from the Dalit community, as those at the bottom of Hinduism's social hierarchy once called "untouchables" are known. Dalits and Muslims often work in trades that higher-caste Hindus traditionally consider beneath them.

Tannery owner Mohammad Ikram said he was only able to procure 4,000 hides a month—down from 25,000—because even truckers transporting legally obtained cow or buffalo hides fear attacks from vigilantes. He has a month's inventory left, and when that runs out he will have to start shedding staff stated in (NDTV report on cow slaughter)

Jajmau industrial area is one in nearly 400 tanneries at India's largest centre for buffalo-based leather. At the tannery, a group of owners say over the last few years, business has gone down by as much as 70 per cent and the reason is not just crackdown on pollution in the Ganga. It is also the fear of backlash in the controversy and political propaganda over cow slaughter. "I was in Europe to source orders and for the first time in 25 years, I did not get a single one. Maybe the people there watch news and feel we will not be able to deliver because of all that's happening," said Rafat Qayoom, an exporter.

At Old Kanpur's Pech Bagh, a street once famous for raw hide go downs, more than a third have shut in over the last two years. Around 100 remain, struggling against mechanized slaughterhouses and harassment of truck drivers who transport animals and hides."All in the name of cow protection," scoffed Mohammad Aslam, who deals in buffalo hides. "There is too much harassment on the roads. It has become very difficult to do this business," he said Procurement of the Raw Materials is one of the prime problems to be treated with utmost care by the firms, because it affects all the other process.

c) Infrastructure (CETP): The Common Effluent Treatment Plant (CETP) is not equipped to deal with chromium. The plant works under capacity due to insufficient money supply from tanners and government. This result in increase in concentrations of chemical constituents beyond their standard levels laid down by government. The chromium released by the tanneries goes untreated to join river Ganga or agricultural land for irrigation

2. Environmental Challenges:

Following are the environmental challenges faced by Kanpur leather industry:

a) Chrome based tanning: Leather tanneries are the backbone of Kanpur leather industry as Kanpur is specialized in heavy processed buffalo leather as well as finished leather which contributes 3rd largest 14% of total leather exports in India. However at the brink of sustainable product market schemes prevalent in global brands, chrome based leather production is gradually losing its shine. International luxury brands like conglomerate Kering has sparked controversy with its desire to put sustainability first and endorse metal-free leather. Andrea Guolo point out whether this is a unique marketing strategy or a genuine spark that will lead the industry into chrome less tanning only time will tell. A research conducted by online leather product magazine leathermag gathers expert opinion about the use of chrome and whether tanneries are really ready for change (leathermag 2018)

Kanpur has nearly 400 registered tanneries, of which about roughly one forth that will be around 90 tanners which produce vegetable tanned leather, around 60 tanneries are such that produce both vegetable and chrome tanned hides, and the rest exclusively chrome tanned (Chakrabarti and Rahul 2009). Kanpur based tanners are dealing with this challenge with making tanning as environmentally sustainable as possible, eliminating most of the polluting content in the process of tanning making leather tanning a sustainable process for all supply chain.

b) Environmental challenges: Leather industry anywhere in the world be it two century old Kanpur leather industry in India or relatively new Zigatola in Dhaka Bangladesh, has always been accused of environmental degradation as well as contamination of local water bodies as tanning is a highly water consuming process. Kanpur based tanneries regularly accused of polluting holy Ganges river from quite long, however many studies shows paper industry and plastic industry is no less responsible for the same, however leather tanning is a convenient scapegoat for the government wrath. Due to environmental compliances related shutting down of tanneries there are some points worth highlighting.

- More the 250 tanneries have been served with closing order for 4 months from 15/Dec/2018 to 15/Mar/2019 by environmental body UPPCB.
- Due to shutting down of tanneries 90% production related activities has been hampered due to low demand of raw hides in the wake of tanneries ban raw hide price drop from 2000 rupee per hide to 700 rupee per hide as well as some of raw hide suppliers are selling raw hides to Bengal tanners to as low as 500 rupee.
- Estimated loss of 6000 Cr is incurred by leather industry and loss of goodwill mentioned my CLE president in an interview give to Indian express daily.
- Due to the wake of environmental regulations leather exports is hamper by 29% from 334 million USD to 237.5 Million USD.
- Continuous struggle by Kanpur tanners has resulted in mass exodus by Kanpur tanners. 40 tanners of Kanpur is already been allotted land in Bengal leather corridor due to continuous periodic disruption in tanning activity.

2. Technical Challenges :

Following are the technical challenges faced by Kanpur leather industry:

a) Testing laboratory & Technical Assistance Laboratories: International market is getting well informed day by day, most of the buyers required chrome testing certificate as well as several other certificates when it comes to buying leather and leather related goods

from India, however there is very poor infrastructure when it comes to lab testing. Poor awareness in leather manufacturer makes this condition worse. Many a times exporters need to obtain certificates at the 11th hour which delay there shipments by many days, as explained by Chennai based exporters to thedollarbusiness.com “It takes really long to get the testing clearance for the exports of goods that have many times delayed our shipments. The testing of the leather takes place at Central Leather Research Institute (CLRI), Chennai. Leather samples needs to undergo too many vigorous testing processes and that takes quite a long. Too much time is wasted in getting due clearance. This needs to be minimized (https://www.thedollarbusiness.com). Most of the finished leather and leather footwear producing developed as well as developing countries has research and development laboratories and technological testing facilities. It is been found hat either the R & D laboratories or the testing establishments, or both, have pilot tanneries on individual bases without government support in which technological developments are taken a step further towards commercial leather manufacturing by industry. Some of these tanneries have pilot effluent treatment facilities which are leading the way by helping the local industry adopt relevant methods of emission limitation and treatment. All the same there remains a problem in transferring technology from laboratory and pilot plant of an R & D to somewhere practical in everyday use for the industry

b) Technical Barriers: By nature, tanners are very conservative. This is not simply inflexibility against change; it is because the quality and nature of leather is prone to change when the parameters of leather processing are altered. Any alteration in the length of processes, process temperatures, float volumes, uptake of chemicals cocktails etc. influence the ultimate character, nature, suppleness, and texture of the leather. Leather being produced from a natural hide which is made up of complex, non-uniform natural protein material, to make quality leather out of it still requires considerable ability and skill in its manufacturing. The adoption environment friendly low waste technology time and again requires a radical modification of most tanning processes while, at the same time, tanners need to ensure that the ultimate product obtained because of modification retains its marketable properties. Therefore it’s a trade-off tanners suffer due to alteration of tanning process, if a tanner is manufacturing consistent quality of leather which satisfies his customers specification using a process which may be wasteful in water, energy and chemical consumption, he may resist changing his operations to act in accordance with environmental demands. In most developing countries tanning operations is a family own business, carried out in small to medium scale in a semi-mechanized units, very frequently grouped tightly in clusters which used to be at the outskirts of residential areas. Most of the tanners in such units don’t have formal education and have little to no understanding of the complexities of the leather manufacturing, their know how regarding tanning acquired from their elders with negligible perception of environmental protection. Low waste technologies, in a sense, require better skilled and educated personnel with a sense of environmental responsibility and closer technical control than conventional processing. Thus, unavailability of properly trained staff at various levels remains one of the crucial constraints.

4. Socio-economic challenges:

Following are the socio-economic challenges faced by Kanpur leather industry:

a) Economic Barriers: In developing as well as under developed countries, leather industry suffers from economic constraints. They experience the often enormously high cost of capital or inflation rates. Sum of capital related with operating expenses as well as work in-progress has increased along with the obligation to keep higher inventories of chemicals, machinery spares, etc. Because of problems arise from below standard infrastructure in many developing

and under developed countries, the tanneries have always try to maintain higher stocks of chemicals as a caution in case of disruption of supply than their tanners in developed countries, against the possibility of delays in delivery from ports. Another drawback is the imposition of import duties on chemicals and machinery. Few specialty chemicals required in tanning are produced in developing countries, although basic chemicals for tanning such as salt, lime, sulphuric acid, sodium sulphate or sodium carbonate may be available indigenously. Most materials related to tanning such as, dyes, fat liquors, special auxiliaries and finishes need to be imported.

b) Inadequate Legislation and Lack of Monitoring Facilities: Pollutant regulation and pollution discharge parameters in most developing countries are by nature rigid and have take no notice of specific site conditions. Instead of a steady approach as called for which would phase setting up of treatment facilities(for example the physico-chemical followed by biological treatment and appropriate sludge handling process) a tanner is under pressure of environmental institutions to put up a comprehensive treatment system and meet all discharge limitations at once which is outside of his financial and technical abilities. However, very few tanners have the necessary process and effluent treatment control facilities and legislation enforcement agencies usually lacks skilled personnel to monitor performance of the installed treatment plants.

c) Social Barriers: Governments often shy away from dealing with challenges tanners are facing related to modernizing of the tanneries because of the social and even political disruption that would occur. The problem is further aggravated where tanners are traditionally regarded as socially lower because of the nature of their line of work. This group of people, because of their traditional and cultural discrimination, have amassed considerable political privileges. As a result there are difficulties in altering the structure of artisan industry. Same industry such s paper industry plastic industry also contribute significantly in pollution of river water as well as ground water however any at time of desperate environmental measures only leather tanners are targeted cause of nature of their profession.

5. International Challenges:

Following are the international challenges faced by Kanpur leather industry:

a) Competition with Faux leather: Microfiber leather also known as faux leather is a type of synthetic leather where ultra-fine microfiber bundles just like natural leather fibers and high grade polyurethane resin are combined together to imitate the infinitesimal structure of real leather. The course of action used to create microfiber gives the final product a similar amino structure almost the same as genuine leather. Microfiber leather is a comparatively new technology in the market that has only recently been incorporated into several applications in place of genuine leather.

Rapid changes in consumer purchasing habits and lifestyle have led to shift in consumer preference from genuine leather to microfiber synthetic leather. Outcome of which, domestic and international companies are making significant investments in synthetic (faux) leather instead of genuine leather. Because of wonderful performance, microfiber synthetic leather has been the best vegan leather, the best possible substitute of real leather and the best leather substitute materials, can replace leather flawlessly.

On the basis of microfiber product category the faux leather market is segmented into the Bio-Based Leather, PU Synthetic Leather and PVC-Based Synthetic Leather.

PVC-Based Synthetic Leather is responsible for one-third of total microfiber synthetic (faux) leather market. However, at the same time Microfiber Synthetic Leather market is expected to expand at a CAGR of 4.9% over the following year 2020.

Faux leather market is segmented into Clothing, Furnishing, Bags, Purses, Wallets, Footwear, Automotive accesories and Other Applications.

Home furnishing segment is expected to dominate microfiber synthetic leather market over the forecast period. However, other rapidly growing sector of automotive ensures high growth opportunities for microfiber synthetic leather market. (grandviewresearch.com)

B) Slump in UK demand : "The global slowdown and the weakening of euro as well as Britain exit from European union – Europe alone accounts for a major chunk of Indian leather exports – has led to the fall in exports. The abrupt drop in demand has resulted in accumulation of stocks as importers based in Europe are postponing their due shipments," (Waki, the dollar business magazine).

V. Conclusion

This is one paradox – the leather industry. On one end, it is blamed for contaminating rivers and creating health problems, while on the other, its toxicity gives way to purity, and it is heralded as one of leading foreign exchange earners for India and the employment center of about 25 lakh citizens. Seems like Odd truths however a really. And lately, this 'focus sector' in the Make in India program seems to be experiencing chill winds from various directions. Will it be too late before the bottom line finally turns red? (kapoor , shivani 2015).

In the light of so many disturbances, the policy reforms and incentives provided to the leather exporters come out to be nothing more than a few peanuts. This needs to change if India doesn't want to lose on some valuable export orders.

Without a doubt the leather industry of India has a huge potential to earn truckloads of precious foreign exchange for the country. All the leather industry require is a little thrust from the policymakers to move in motion by right polices and an infrastructure which is at par with other leather exporting hubs in the world. In a packed out market of foreign labels of luxury leather products, several Indian names have acknowledged there presence on international stage. Isn't this a matter of great pride? And when those concerned with leather industry work hard against odds to make a mark, why should they lose out to the government's apathy? They aren't banking on some divine intervention; all they are asking for is that the government should show some mercy and care for the economic interests of the stakeholders of one of India's prime export sectors.

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CHAPTER-3

A Study on Green Marketing Practices in India

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&

**** Dr. Yasir Arafat Elahi**

Abstract

This research paper explains the concept of green marketing and the practices which are adopted by few notorious companies of India. Green marketing is a concept of buying and selling those good which is not harmful for the environment and for the health and also includes the producing, consuming, recycling and disposing of products. This concept gained recognition when the people become more concern about the environment. Due to this consumer gets the new segment and marketers also get the new opportunity to target the consumers and earn the more profit and along with this focus on the environmental issues. The concerns of these consumers were shared by a number of famous companies so that's why they start adopting these new practices for protecting and preserving the environment.

Keywords- Green Marketing , Consumers and Practices.

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Introduction

As per Mr. J. Polonsky, green marketing can be defined as, "All activities designed to generate and facilitate any exchange intended to satisfy human needs or wants such that satisfying of their needs and wants occur with minimal detrimental input on the national environment." Green marketing is also called as ecological marketing and environmental marketing. The term "Green" means pure and natural in feature and real. In simple words green marketing is a method of selling of those goods and services which is safe for health and environmental. Marketers need to take initiative in this concern, use a optimum utilization of resources and try to reduces wastage during and after manufacturing their products because we know that our resources are limited and no. of population is high and human needs are also unlimited. Consumers are also more anxious about the protection of the environment.

This concept is topic of concern globally now, people showing their concerns towards the health and environment issues. People behaviour changed now towards this they are becoming more responsible towards this. In present time this has become new mantra for marketers to satisfy the needs of consumers and earn better profits.

Objectives of Research

1. To study the meaning and concept of Green Marketing.

2. To know the initiatives and practices of green marketing in India.

3. To identify the green marketing challenges faced by companies in India.

4. To provide recommendations and suggestions for Green marketing practices.

Review of Relevant Literature

According to A P Mani and S Bhandari (2019), in this paper they said that now a days green marketing gained outstanding popularity due to increase people concern towards environment and the result is marketers get new segment of green consumers was. The companies get a new opportunity to cater a new segment and provide a new variety of products through innovative green practices.

According to Park and Ha (2016) in this paper they have found the differences in purchase of seasoned environmental behavior of new product and non-purchases and specific mental factors concerning to the recycling.

According to B Pal and C Sarin (2014), in this research paper they focuses on the response of the consumers towards GO GREEN campaign and discuss the issues related to that campaign. In this paper they mention the case study of ONGC in which they, explain the issues related to acceptance of green marketing in India.

Research Methodology

The researcher has to make a plan of action before starting the research. This plan of study is called research design. Researcher used a descriptive research design in this study and this paper is based on the secondary data sourced from journals, articles, newspapers and internet media reports.

Evolution of Green Marketing

The term Green advertising was initially used in a class on - Ecological Marketing by American Marketing Association (AMA) in 1975. The term **Green** promoting in the late 1980s and mid-1990s. Green marketing is environment friendly, sustainable and socially responsible. According to the American Marketing Association, 'green marketing is the marketing of products that are presumed to be environmentally safe".

According to Peattie (2001), there are three aspects of Evolution of Green Marketing.

1. Ecological green marketing.
2. Environmental green marketing.
3. Sustainable green marketing.

"Ecological" Green Marketing:- focus on minimizing Environmental issues & providing solutions for that. "Environmental" Green Marketing:- focus on Clean Technology through the innovation of new goods. "Sustainable" Green Marketing:- focus on preservation of waste and population through Sustainable Development.

These terminology and phrases which are given below were hardly ever used or heard by anyone 30 years ago:

- Going green
- Biological

- Environmentally safe
- Environmental protection
- Sustainable lifestyle
- Sustainable development
- Eco-friendly
- Protecting our Earth

Currently, all these terms are frequently used by each one. We see that currently, number of famous companies would introducing their products on the concept of green—like using less energy, water, or other resources, made from recycled products and Biodegradable etc. Modern consumers more concerned about environment and health so they try to use those products which are not harmful for health and to the environment in future.

Features of Green Products

- Green products are organic and natural.
- Green products are those which are recyclable and environmental friendly.
- Green products are made up with natural raw material and free from chemicals.
- It focuses more on social and environmental issues.
- Product contents or ingredients which are used by the manufacturer are approved under government law.
- Only those products are used which do not harm the environment and people.
- Marketers are also trying to use eco- friendly and recyclable products for packaging their products.

Importance of Green Marketing:

In present scenario people are more concern about health and environment so for this companies try to create new strategy to sell their products it includes quality products and services that will help to control the pollution and along with this they try to earn more profits.

- It helps to ensure that long-term growth along with profitability.
- This strategy helps to save money for future but it will be costly at the time of purchase
- It helps the organization to sale or produces those goods and services which are not harmful for health and the environment. It also helps the marketers to find out the new markets for the consumers and enjoying competitive advantage.
- It will helps to encourage the concept of corporate social responsibility.
- It will also persuade the people to use the organic fertilizers instead of chemical fertilizers.

Challenges of Green Marketing

- One of the biggest challenge which is faced by Indian marketer is high price of green products .The price of green products is very high as compare to non Green products due to use costly raw material and new production process.

- Some organizations showing fake and wrong advertisement regarding their products features for earning more profit to the products.
- Green marketing is a new concept so that's why they need to use new technology and for this they requires to invest massive amount of fund into research.
- Marketers facing another challenge that is high price of green products due to this reason Indian consumers are not ready to pay high price of green products and so that's why it is very tough for the marketers to persuade them for the green products.
- Another biggest challenge in front of the marketers is to aware the Indian's about the new concept of green marketing and the uses of the green products.

Green Marketing Practices in India

Wipro and Infosys:

Wipro and Infosys's both companies are adopting green practices, they launches Wipro green ware Wipro launched desktops, laptops. It was the first company in India who developed eco-sustainability in the form of energy, water efficiency and waste management. Wipro are actively participating green company. Wipro has taken number of initiatives to become a green. WIPRO is continuously offering green products. It is India's first company which introduces first environmental friendly PC into the market. It will also construct energy efficient building

HP in Electronics Sector

One of the famous example in electronic sector is HPs promise to their customers cut its global energy by 20 percent by the year 2010 and the Hewlett Packard Company introduced a plan to provide energy-efficient products and services .

TATA Metallic's Limited

This deals in mining and metal sector. It has given a green outlook to reduce its carbon. The objective of Tata Metallic's Limited is to boost the plantation, ground water, power generation and natural fertilizers etc. The main focus of this company is on water utilization.

Adoption of CNG in Delhi

In India New Delhi, which is capital of India, their pollution rate is increasing very fast rate so that's why supreme court decided to use a alternative fuel which releases less pollution into the environment. So In this respect government directive was issued to use only CNG to all public transport vehicles in 2002, to reduce the pollution level.

Maruti Udyog

Maruti focusing more on environment protection for this they taken number to steps like rain water harvesting to recharge the aquifers, promoting 3R since its inception, recycle 100% of treated waste water but also reduced fresh water consumption. The company has implemented recyclable packing etc. Regular training programs are conducted for all the suppliers on EMS. Surveys are conducted to assess the vendors who need more guidance. The systems and the environmental performance of suppliers are audited.

LG -LG currently introduce a LED E60 and E90 series monitor into the Indian market and it saves 40% energy than traditional LED monitors.

ITC - ITC is the company who uses a Low Carbon Growth Path and a Cleaner Environment Approach. It has already uses ozone treated elemental chlorine free bleaching technology.

Indusind Bank - This is first banks in India who avoid the use of paper for receipt in ATMs, and sending electronic messages and try to reducing deforestation.

ONGC- It is India's largest oil organization, has presented vitality proficient Mokshada Green Crematorium, which spares 60% to 70% of wood and a fourth of the shining time per ignition.

Samsung It was the first who introduce eco friendly handsets which was made of renewable materials – W510 and F268-in India. **2)** LED TV screens and now they introduce eco- friendly LED backlight and they use 40% less electricity

Haier- Haier's takes a new green initiative and they introduced the Eco Life Series and in which semi automatic and automatic refrigerators and washing machines, split and window air conditioners

MRF- MRF has introduced the ZSLK series and that focus on eco- friendly tubeless tyres and it was made from unique silica- based rubber and also offers extra fuel efficiency.

Kansai Nerolac Paint Ltd- Nerolac take initiative in the area of health, education, community development and environment preservation. They specially worked on removing harmful metals and lead from their paints

Conclusion

Green marketing should focuses more on the monetary aspect of marketing. Finally, we can say that idea of green marketing is growing at a fast pace in India.Marketers also need to understand the issues of green marketing. As a marketers we need to aware the people about the usage and non usage of green products and also tell that why the price of green products is high and show the benefit in future. Green marketers try to influence the people and convince them to think for environment and their health. Marketers also find the opportunity to sell their new products and earn a good profit along with environment protection. Nowadays, it is mandatory from the government point of view to become compulsory to save our world from environment pollution and chemicals. According to the marketers point of view marketers need to not only satisfy the customers need but also produce only those goods and services which are environmental friendly. Presently most of the consumers are more concerned about the environment and the health oriented so that's why they are ready to pay extra money for their health and environmental issues. To save the environment marketers adopt the green marketing practices which are very remarkable impact on the environment and the people buying behaviour of the products. Now a day's consumers are also aware about the Initiatives which are taken by companies about the new concept of green products. Companies continuously work on the research of green raw material and also on the low cost of production which help to reduce the price of green products.

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CHAPTER-4

Educational Innovation for Learner and Institution Success

***Swapnil Vaish**

&

****Dr. Saurabh Bajapai**

Abstract

The goal of this article is to provide an in-depth analysis of the educational innovation area in India. It defines innovation, addresses barriers to innovation, and proposes strategies for increasing the scope and rate of innovation-based educational reforms. Innovation is becoming increasingly important in our society, and it is linked to the prospect of long-term economic and social growth. Educational institutions have become increasingly important for innovation-based economic development in this new context. As a result, partnership for the promotion of sustainable development with environmental preservation is one of education's key tasks.In terms of the economic, social, and environmental pillars, the economic pillar has been developed largely in isolation, favouring financial factors over social and almost neglecting global environmental issues.

Key Words: Implementation, Innovation, Educational Technology, Time efficiency

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Introduction

Education, as a social institution servicing societal demands, is essential for society's survival and growth. It must not only be comprehensive, long-term, and excellent, but it must also adapt over time to meet the difficulties of a rapidly changing and unpredictable globalised world. School teachers, college professors, administrators, researchers, and policymakers are required to innovate the theory and practice of teaching and learning, as well as all other parts of this complex organisation, to assure quality preparation of all students for life and work.

I give a holistic examination of educational innovations, highlight challenges to innovation, and sketch out prospective routes for effective innovations in this article. I discuss the current state of innovation in Indian education, including what educational innovation is, how it is being integrated into schools and colleges, why innovations do not always have the desired effect, and what can be done to increase the scale and rate of innovation-based transformations in our educational system. Following that, I provide proposals for the expansion of educational innovations. I will use online learning and time efficiency of learning utilising accelerated and intense techniques as examples of educational advancements.

Indian Higher Education and Innovation

What could be the innovations for the education of tomorrow?

To begin, education must shift from a teacher-centered to a learner-centered model, and the notion of a student must be replaced with that of a learner. Teacher is no longer a sage on the stage, but rather a sidekick. In the internet era, no teacher can know everything about any subject, and pupils can learn more than the instructor on any topic. As a result, the role of the 21st-century teacher is to serve as a mentor, motivator, facilitator, and first stimulus for students to develop an interest in any theme or subject.As a guide and co-researcher, not the final word on any problem, there must be purposeful role alteration. Students, on the other hand, must continue forward as students who only study in classes for grades and degrees and are spoon-fed information. They must adapt to the next generation of learners, for whom the classroom is only one, and sometimes not even the most important, source of learning, with others including the internet, personal and peer experiences, labs, and society at large. They practise by conducting study, learning, exploring, and internalising in order to acquire a useful life skills.

Second, from the standpoint of convergence, a major educational innovation emerges. As a result, we have a convergent pedagogy that integrates experiential learning with classic brick-and-mortar and modern IT-enabled click-and-portal learning. Education cannot be evaluated solely on the basis of previous year-end long written examinations. We're heading toward a semester-based (or even trimester-based) education with a blended evaluation that includes simulated and live projects, continual internal quizzes and discussions, field reports, case studies, online examinations, and class presentations.A convergent evaluation can result in a far more well-rounded learner. Even educational institute branding and communication are becoming more convergent, with a single brand promise being used across all channels: online portals and social media, offline newspapers, magazines, and billboards, on-air television, radio, and cinema, on-ground channels of events, malls, and experiential marketing, and on mobile channels of apps and mobile-based notifications. Universities that can combine all of the above in a given location for a specific target audience might get superior results.

Third, educational flexibility is the cutting-edge vision of our time. While BA BCom BSc degrees are three years long across India, they are four years long at Pandit Deendayal Petroleum University in Gandhinagar, in accordance with Western norms. BITS Pilani has developed an industry-focused BTech programme for working professionals, in which education is given alongside their employment. Many institutions are developing five-year combined UG-PG programmes. Nomenclatures in journalism and mass communication are being questioned since journalism is a component of communication, and communication can be niche, mass, group, and so on.

Fourth, today's new invention is inclusion. Instead of all girls, all minorities, all Hindus, or all members of a language group, the trend is to increasingly choose for an inclusive all communities and genders campus life, which aids in the development of more well-rounded people with a global mindset and more tolerance. Scholarships based on merit and financial need, promoting women, and fostering safe spaces for LGBTQ students on campuses are all-important inclusion elements.

Sixth, all degree-based higher education must make way for skills-based and values-based education. For what purpose are we mentoring and learning? To live a life founded on values, to be responsible global citizens, and contribute to the economy and earn a good living. None of these things are dependent on a degree. It is only because of the University's legal authority, which it obtained by a decree issued by the government of the day, that the degree appears to be significant. Degrees are acceptable as a measure of qualification.

Finally, think about national and international mentors and learners. The more varied the mentoring and learning group, the more tolerant, mutually respectful, and global the participants' perspective will be. As a result, a future innovation should require students to go to various parts of India and, if funds allowed, to travel internationally for an educational tour, a project, an internship, workshops, or a semester. It's good to see SP Jain Management and Amity University provide degrees with two or three locations, allowing students to have a global perspective and experience. This dispels 'other' prejudices and motivates people to learn more in life and at work.

Higher education innovation and private institutional success

The private university system is supported in order to give a solution for high-quality higher education while avoiding the limits that traditional universities confront. Private universities, which are still relatively new, have met the need for an autonomous system to facilitate much-needed innovations in the teaching and learning environment, such as dual degree programmes, inter-disciplinary programmes, inter-institutional sharing of academic loads, and credit transfer between different modes of learning, among other things, in order to maintain quality. Academic autonomy, administrative autonomy, and financial autonomy are all enjoyed by private universities. Academic autonomy refers to the flexibility to make decisions on curriculum, instructional materials, pedagogy, and student evaluation methodologies and models. Administrative autonomy refers to an institution's ability to govern its own administrative affairs.

It is the ability to manage affairs in such a manner that it promotes and supports initiative and development among individuals working in institutions, and thereby the institutions as a whole. Financial autonomy refers to an institution's ability to use the financial resources at its disposal wisely while keeping its goals in mind. Because autonomy and responsibility are two sides of the same coin, private universities have accountability as well. Most private colleges are attempting to entice students away from public institutions by providing distinctive courses that include triple majors, super-specializations, dual degrees, integrated programmes, CBCS, and industry-affiliated courses.

Self-financing institutions have a harder time implementing such measures since they can only proceed at the pace of their affiliating state universities, which might take years to adopt an innovation. The Choice Based Credit System (CBCS), which the UGC has been pressuring all public colleges to adopt, is the greatest example. There have been few takers for this worldwide norm thus far, despite the fact that several major private colleges have already embraced it as a progressive move without urging.
Private universities have also been more active in their professor hiring, with the most recent trend being business sector hires. Many top executives in the corporate world are increasingly transitioning to teaching positions at these private colleges, which provide greater flexibility in terms of working hours and fewer deadlines and expectations.

Conclusion

Education, innovation, and sustainability are all intertwined. A country's competitiveness and production are dependent on its workforce being educated. Workers with limited formal education, as Mota and Scott (2014) point out, can only do simple manual jobs and find it difficult to adapt to more complicated production processes and procedures. As a result, a lack of knowledge becomes a barrier to corporate growth, making it incredibly difficult to generate complex or value-added goods that rely on current people resources.

Higher education is unquestionably strategic for economies competing beyond simple production processes and products in a globalised economy that increasingly demands innovation and well-educated workers capable of performing complex tasks and adapting quickly to new technologies and economic demands.

The existence of high-quality higher education institutions and world-class scientific research facilities provides the foundational knowledge required to create a new paradigm in which innovation and sustainability are top objectives and major goals. Extensive collaboration between academics and businesses results in technical advancements that can withstand high levels of competition, which is critical for long-term progress in today's society.

Knowledge, which is directly tied to the know-how, skills, working circumstances, and technical discoveries that are ingrained in companies, may lead to innovation. Many of the productivity improvements that our economies have seen in the past have been proven to be dependent on technology and suitable schooling. For the 18th century industrial revolution, the creation of the steam engine, and the generation of electricity, this premise is valid. Nonetheless, the current digital revolution has highlighted the critical need of education and innovation in ensuring social and economic sustainability.

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CHAPTER-5

Financial Performance of State Bank of India and ICICI Bank – A Comparative Study

***Dr. Adeel Maqbool, **Wajiha Alim**

Abstract

State Bank of India (SBI) and ICICI Bank are the two largest banks in India in public and private sector. Performance and efficiency of commercial banks are the key elements of countries financial system. In view of this, the study set out to apply profitability ratios, solvency ratios and Management efficiency ratios on SBI and ICICI Bank in order to compare their efficiency and solvency position. On basis of the analysis, it has been found that both the banks are maintaining the required standards and running profitably. This comparative study of SBI and ICICI Bank demonstrates that there are significant differences on the performance of SBI and ICICI Bank in terms of Deposits, Advances, Investments, Net profit, and Total assets. The study analyzes and reflects a difference of performance in the working of SBI and ICICI Banks. Data used for the study is secondary in nature. Based on the study, it can be said that SBI have an extensive operation than ICICI Bank.

Keywords- SBI, ICIC, financial performance, public banks, private banks,

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Introduction

The analysis of financial statements refers to the treatment of information contained in the financial statement in a way so as to afford a full diagnosis of the profitability and financial position of the firm concerned.

The process of analyzing financial statements involves the rearranging, comparing and measuring the significance of financial and operating data. Such a step helps to reveal the relative significance and effect of items of the data in relation to the time period and/or between two organizations.

Interpretation, which follows analysis of financial statements, is an attempt to reach to logical conclusion regarding the position and progress of the business on the basis of analysis. Thus, analysis and interpretation of financial statements are regarded as complimentary to each other.

Methods of Financial Analysis

The analysis of financial statements consists of a study of relationship and trends, to determine whether or not the financial position and results of operations as well as the financial progress of

the company are satisfactory or unsatisfactory. The analytical methods or devices, listed below, are used to ascertain or measure the relationships among the financial statements items of a single set of statements and the changes that have taken place in these items as reflected in successive financial statements. Thefundamental objective of any analytical method is to simplify or reduce the data under review to more understandable terms.

Analytical methods and devices used in analyzing financial statements are as follows:

1. Comparative Statements
2. Common Size Statements
3. Trend Ratios
4. Ratio Analysis
5. Cash Flow Statements
6. Fund Flow Statement.
7.

Here we are discussing the Ratio analysis method in details, as it is very important to measure the profitability, liquidity and leverage situation of the company for the Mergers and Acquisitions.

Objectives of Financial Analysis

Financial statement analysis is very much helpful in assessing the financial position and profitability of a concern. The main objectives of analyzing the financial statements are as follows:

1. The analysis would enable the present and the future earning capacity and the profitability of the concern.
2. The operational efficiency of the concern as a whole as well as department wise can be assessed. Hence the management can easily locate the areas of efficiency and inefficiency.
3. The solvency of the firm, both short-term and long-term, can be determined with the help of financial statement analysis which is beneficial to trade creditors and debenture holders.
4. The comparative study in regard to one firm with another firm or one department with another department is possible by the analysis of financial statements.
5. Analysis of past results in respects of earning and financial position of the enterprise is of great help in forecasting the future results. Hence it helps in preparing budgets.
6. It facilitates the assessments of financial stability of the concern.
7. The long-term liquidity position of funds can be assessed by the analysis of financial statements.

Objectives of the Study

1. To compare the financial performance of State Bank of India and ICICI Bank.
2. To know and compare the profitability position of State Bank of India and ICICI Bank.
3. To know and compare the managerial efficiency of State Bank of India and ICICI Bank.

4. To offer findings and suggestions to enhance the financial performance of State Bank of India and ICICI Bank.

Scope of the Study

1. The present study is undertaken to highlight the financial performance of SBI bank and ICICI bank.
2. SBI and ICICI Banks, being the best bank in India have been selected for the purpose of the study. It rises to the level of 2nd largest bank in India in terms of net assets after merger of ICICI with ICICI bank. It has wide range of products and services.
3. Ratio analysis is one of the major criteria to determine the financial performance of both banks and this study will help to understand the financial performance of State Bank of India and ICICI Bank.
4. This study will pave the way to the academic as well as general public about the overall efficiency at which the largest commercial banks are serving.
5. This study will also help to understand the financial performance of both public sector and private sector.
6. This study will throw light on the different aspects where the State Bank of India and ICICI Bank excel and how the banks will provide an opportunity in balancing its activities to achieve the best performance.

Banking Industry

The banking industry plays an important role in the economic development of a country. It supplies the lifeblood-money that supports and fosters growth in all the industries. Growth of the banking sector is measured by the increase in the number of banks' branches, deposits, credit, etc. In analyzing the banking sector, it indicates the direction in which the country's economy is moving.

India has about 88 commercial banks including 31 private banks, 27 public sector banks, and 38 foreign banks and in total, 53,000 bank branches, and 17,000 ATMs are servicing the nation. Public sector banks dominate the segment with 75 per cent of the total assets of the industry held by them. State Bank of India (SBI) and ICICI Bank are the two largest banks in India in public and private sector.

Profile of State Bank of India

Type Public

Industry Banking , Financial services

Founded-

- 2 June 1806, Bank of Calcutta
- 27 January 1921, Imperial Bank of India
- 1 July 1955, State Bank of India
- 2 June 1956, nationalization

Headquarters Mumbai, Maharashtra, India
Area served Worldwide
Key people Rajnish Kumar (Chairman)
Revenue ₹210,979 crore (US$32 billion) (2017)
Operating income ₹50,848 crore (US$7.8 billion) (2017)
Net income ₹10,484 crore (US$1.6 billion) (2017)
Total assets ₹3,445,121 crore (US$530 billion) (2017)
Total equity ₹2.171 trillion (US$33 billion) (2016)
Owner Government of India (61.23%)
Number of employees 278,872 (2017)
Website sbi.co.in

Products and Services Consumer banking, corporate banking, finance and insurance, investment banking, mortgage loans, private banking, private equity, savings, securities, asset management, wealth management, credit cards,Agriculture/Rural Banking,NRI Services ,ATM Services, Demat Services Safe Deposit Locker ,SBI Term Deposits SBI Loan For Pensioners ,SBI Recurring Deposits ,Loan Against Mortgage Of PropertY ,SBI Housing Loan Loan Against Shares & Debentures

Branches

The corporate center of SBI is located in Mumbai. In order to cater to different functions, there are several other establishments in and outside Mumbai, apart from the corporate center. The bank boasts of having as many as 14 local head offices and 57 Zonal Offices, located at major cities throughout India. It is recorded that SBI has about 10000 branches, well networked to cater to its customers throughout India.

State Bank of India (SBI) is an Indian multinational, public sector banking and financial services company. It is a government-owned corporation with its headquarters in Mumbai, Maharashtra. It has 198 offices in 37 countries; 301 correspondents in 72 countries.

It was constituted on 1st July, 1955 under the State Bank of India Act, 1955.
On April 1, 2017, the State Bank of India, which was India's largest bank, merged with five of its associate banks

- State Bank of Bikaner & Jaipur,
- State Bank of Hyderabad,
- State Bank of Mysore,
- StateBank of Patiala and
- State Bank of Travancore, and with the
- BharatiyaMahila Bank.

This was the first ever large scale consolidation in the Indian banking industry. With the merger, SBI became one of the 50 largest banks in the world.

Profile of ICICI

Type Private company

Industry Banking, Financial services
Founded 1994
Headquarters Mumbai, Maharashtra, India
Area served Worldwide
Key people Mr. M. K. Sharma (Chairman) Mrs. Chanda Kochhar (MD & CEO)
Revenue ₹73,660.76 crore (US$11 billion) (2017)
Operating income ₹58,905.70 crore (US$9.0 billion) (2017)
Net income ₹9,801.08 crore (US$1.5 billion) (2017)
Total assets ₹737,546.29 crore (US$110 billion) (2017)
Total equity US$15.4 billion
Number of employees 84096 (2017)
Websitewww.icicibank.com
Products Credit cards, consumer banking, corporate banking, finance and insurance, investment banking, mortgage loans, private banking, wealth management, personal loans, payment solutions, Trade and Retail Forex.

ICICI is also one of the leading Private Sector Bank in India. It offers wide range of financial services and banking products for its customers. This bank is also serving in capital investment banking, asset management and life and non-life insurances too., ICICI also plays a pivotal role in the domains of investment banking, venture capital and asset management, and life and non-life insurance. The bank spreads its wings in 18 countries across the world including UK, Canada, Russia, and others. ICICI bank limited is major banking and financial services organization in India. The bank is the second largest bank in India and the largest private sector bank in India by Capitalization.

Branches & ATMs

ICICI Bank has a wide network both in Indian and abroad. In India alone, the bank has 1,420 branches and about 4,644 ATMs. Talking about foreign countries, ICICI Bank has made its presence felt in 18 countries - United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. The Bank proudly holds its subsidiaries in the United Kingdom, Russia and Canada out of which, the UK subsidiary has established branches in Belgium and Germany.

Subsidiaries

Domestic

- ICICI Prudential Life Insurance Company Limited
- ICICI Lombard General Insurance Company Limited
- ICICI Prudential Asset Management Company Limited
- ICICI Prudential Trust Limited
- ICICI Securities Limited
- ICICI Securities Primary Dealership Limited
- ICICI Venture Funds Management Company Limited
- ICICI Home Finance Company Limited
- ICICI Investment Management Company Limited

- ICICI Trusteeship Services Limited

International

- ICICI Bank USA
- ICICI Bank UK PLC
- ICICI Bank Canada
- ICICI Bank Germany
- ICICI Bank Eurasia Limited Liability Company
- ICICI Securities Holdings Inc.
- ICICI Securities Inc.

Literature Review

Bodla et al. (2006) attempted to study the “Performance of SBI and ICICI Bank through Camel Model for the Period 2004-05”. They found that ICICI Bank has outperformed SBI in terms earning quality, the ratio of operating profit to average working funds, Net Profit to Average assets, and so on. The same is true regarding assets quality, earning quality, and management quality ratios. The liquidity position of both the banks is sound and does not differ significantly

Bhayani et al. (2007) in their paper entitled “Role of Transaction Cost in the Financial Performance of Co- operative Banks” have attempted to investigate how the proportion of transformation cost is higher than that of transaction cost in the banks under study. Transaction cost plays an important role in the profitability of banks. Therefore, if the management of co-operative banks tries to reduce the transaction cost, it will improve their banks’ profitability.

Rajkumar (2007) in his paper entitled “The Earning Performance of Private Sector Banks during 2005-2006” reveals that the interest income over expenditure increased to Rs. 13, 108crores during 2005-06 from Rs.10,006Crores during 2004-05. The increased percentage was 31. At the same time, the operating expenditure over operating profi t fell to Rs.817 crores during 2005-06 from Rs.992 crores during 2004-05. The profitability ratios of all the 28 private sector banks witnessed a positive trend during the year. The highest profit earning private sector bank was ICICI Bank.

Sinha et al. (2009) in their paper entitled “Bank Ownership and Deposit Mobilization: A Non-parametric Approach” compare the performance of 40 Indian commercial banks using Window Analysis, considering deposit mobilizations as the output indicator. The results obtained from the study indicate that mean technical efficiency of the in-samples banks exhibited a declining trend for the period. The decline in mean technical efficiency was due to a greater divergence in performance compared to the frontier. Among the in- samples banks, the private sector banks performed better than the public sector banks.

Shobana (2010) in his paper entitled, “Operational Efficiency of Public Sector Banks in India- a Non-Parametric Model” focuses on the operational efficiency of public sector banks in India using a non-parametric model, which measures the efficiency as a ratio of output index to input index. The study concluded that out of 27 public sector banks in India, only nine banks has achieved high level of efficiency in its operations.

Verma et al. (2011) in their paper entitled "Performance of Scheduled commercial banks in India: An application of DEA" analyze the efficiency of 88 SCBs with the data set ranging from the year 1998-99 to 2007-08. The results indicate that the public sector and foreign banks needed to take steps to reduce the expenses and improve the output at the given input level because they had failed to acquire full efficiency score in six and fi ve years respectively, out of the ten years under study.

Dr. Anurag. B. Singh and PriyankaTandon (2012): in their research paper entitled, "A comparative Study on Financial Performance of State Bank of India and ICICI Bank" examined the financial performance of SBI bank and ICICI bank, Public sector and Private sector respectively. The data used for this study was secondary in nature.The study was conducted todetermine the financial performance of SBI and ICICI banks on the basis of ratios such as credit deposit, net profit margin etc. In this study, it was found that SBI is performing well and financially sound than ICICI bank but in context of deposits and expenditures, ICICI bank has better managed than SBI bank.

Devi (2017): in their paper entitled "A Study on the Financial Comparison between SBI and ICICI with reference to Chennai
Annanagar Branch" examined the performance of the banks from 2012-2017. Operating ratio, debt equity ratio were taken as the variables. It was examine that operating profit ratio of SBI was better than ICICI

Research Methodology

Data Collection:

- Research is based on the secondary data.
- The required data for the study has been collected from published annual reports of the banksand other statements prepared by the SBI and ICICI Banks
- The data were collected through internet, magazines, websites, books, and journals.

Period Of The Study:

This study covers the period of 07 years from 2010-11 to 2016-17. The period of the study is large enough to know the performance of both banks.

Tools For Analysis:

Ratio Analysis: For the purpose of the study, following parameters have been taken:

1. Net Profit Ratio
2. Operating Profit Ratio
3. Return on shareholder's Investment or NetWorth Ratio
4. Earnings Per Share
5. Total Assets Turnover Ratio
6. Interest Expended to Interest Earned Ratio.

Data Analysis and Interpretation

Ratio Analysis

Ratio analysis is used to evaluate relationships among financial statement items. The ratios are used to identify trends over time for one organization or to compare two or more organizations at one point in time. Ratio analysis focuses on three key aspects of a business: liquidity, profitability, and solvency.

Ratio Analysis is an important tool for any business organization. The computation of ratios facilitates the comparison of firms which differ in size. Ratios can be used to compare a firm's financial performance with industry averages. In addition, ratios can be used in a form of trend analysis to identify areas where performance has improved or deteriorated over time.

Uses of Ratio Analysis

A comparative study of the relationship, between various items of financial statements, expressed as ratios, reveals the profitability, liquidity, solvency as well as the overall financial position of the enterprises. It is useful for all the constituents of the company as discussed under:

1. ***Management:*** is interested in ratios because they help in the formulation of policies, decision-making and evaluating the performances and trends of the business and its various segments.

2. ***Shareholders:*** With the application of ratio analysis to financial statements, shareholders can understand not only the working and operational efficiency of their company, but also the likely effect of such efficiency on the net worth and consequently the price of their shares in the Stock Exchange. With the help of such analysis, they can form opinion regarding the effectiveness or otherwise of the management functions.

3. ***Investors***: Investors are interested in the operational efficiency, earning capacities and 'financial health' of the business. Ratios regarding profitability, debt-equity, fixed assets to net worth, assets turnover, etc., are some measures useful for the investors in making decisions regarding the type of security and industry in which they should invest.

4. ***Creditors:*** Creditors can reasonably assure themselves about the solvency and liquidity position of the business by using ratio-analysis. Such analysis helps to throw light on the repayment policy and capability of an enterprise.

5. ***Government:*** The Government is interested in the 'financial health' of the business. Carefully worked ratios will reflect the policy of the management and its consistency or otherwise with the overall regional and national economic policies. Such ratios help in better understanding of cost-structures and may justify price controls by the Government to save the consumers.

6. ***Analysts:*** Ratio analysis is the most important technique available to the financial analysis to study the financial statements to compare the progress and position of various firms with each other and vis-a-vis the industry.

Classification Of Ratios

Return on Investment Ratios
Profitability Ratios

Solvency Ratios or Financial Ratios
Activity Ratios or Turnover Ratios or Efficiency Ratios

Return on Investment Ratios

ROI is a yardstick which measures the overall performance of management and profitability of business firm. If determines whether a certain goal has been justified or not. It is an indicator of the measure of success of a business from the owner's points of view. The ultimate test of any business is the rate of return on invested capital. For the use of various purpose and various parties return on investment can be evaluated as under:

1. Return on Net Capital Employed Ratio
2. Return on Long-Term Fund Ratio
3. Return on Assets Ratio
4. Return on Shareholder's Fund Ratio

Profitability Ratios

Profitability ratios give some yardstick to measure the profit in relative terms with reference to sales, assets or capital employed. These ratios highlight the end result of business activities. The main objective is to judge the efficiency of the business. The main ratios related to Profitability are as under.

1. Gross Profit Ratio
2. Net Profit Ratio
3. Operating Profit Ratio

1. Gross Profit Ratio

Gross profit ratio expresses the relationship of gross profit to net sales or turnover. Gross profit is the excess of the proceeds of goods sold and services rendered during a period over their cost, before taking into account administration, selling and distribution and financing charges.This ratio is important to determine generalprofitability since it is expected that the ratio would be quite high so as to cover not only the remaining costs but alsoto allow proper returns to owners.

2. Net Profit Ratio

One of the components of return on capital employed is the net profit ratio. It indicates the net margin earned in a sale of `100. Net profit is arrived at from gross profit after deducting administration, selling and distribution expenses; non-operating incomes, such as dividends received and non-operating expenses are ignored, since they do not affect efficiency of operations.

3. Operating Profit Ratio

The ratio of all operating expenses (i.e., materials used, labor, factory overheads, and office and selling expenses) to sales is the operating ratio.A comparison of the operating ratio would indicate whether the cost content is high or low in the figure of sales.It is not necessary that the management should be concerned only when the operating ratio goes up. If the operating ratio

has fallen, though the unit selling price has remained the same, still the position needs analysis as it may be the sum total of efficiency in certain departments and inefficiency in others.

Solvency Ratios or Financial Ratios

These ratios are calculated to judge the financial position of the organization from short-term as well as long-term solvency point of view. Thus, it can be sub-divided into:

1. Current Ratio
2. Quick Ratio
3. Debt-Equity Ratio
4. Total Debt to Owner's Fund Ratio

1. Current Ratio

Current ratio also known as the working capital ratio, is the most widely used ratio. It is the ratio of total current assets to current liabilities and is calculated by dividing the current assets by current liabilities.Current ratio indicates the firms' commitment to meet its short-term obligations. It is a measure of testing short-term solvency or in other words, it is an index of the short-term financial stability of an enterprise because it shows the margin available after paying off current liabilities.

2. Quick Ratio

This ratio is also known as Quick Ratio or Acid Test Ratio. This ratio is calculated by relating liquid or quick assets to current liabilities. Liquid assets mean those assets which are immediately convertedinto cash without much loss. All current assets except inventories and prepaid expenses are categorized as liquid assets.

Liquidity ratio may be computed by substituting liquid liabilities in place of current liabilities. Liquid liabilities mean those liabilities which are payable within a short period. Bank overdraft and cash credit facilities, if they become a permanent mode of financing are to be excluded from current liabilities to arrive at liquid liabilities. Generally, a liquid ratio of 1:1 is considered as ideal as the firm can easily meet all current liabilities

3. Debt-Equity Ratio

Debt-equity ratio is the relation between borrowed funds and owners' capital in a firm, it is also known as external-internal equity ratio. The debt-equity ratio is used to ascertain the soundness of long-term financial policies of the business.Normally in India an ideal debt equity ratio is considered to be 2:1.This means that a company may borrow upto twice the amount of its capital and reserves or it may raise two-thirds of its long-term funds by way of loans.A higher proportion would be risky because loans carry with them for obligation to pay interest at a fixed rate which may become difficult if profit is reduced.

Activity Ratios or Turnover Ratios or Efficiency Ratios

These ratios are used to measure the effectiveness of the use of capital/assets in the business. These ratios are usually calculated on the basis of sales or cost of goods sold and is expressed in integers rather than as percentages. The main Activity Ratios are as under

1. Total Assets Turnover Ratio
2. Fixed Assets Turnover Ratio
3. Working Capital Turnover Ratio
4. Inventory Turnover Ratio
5. Debtors Turnover Ratio

The classification of the structure of ratio analysis cuts across the various bases on which it has been made. The determination of activity and profitability ratios is drawn partly from the balance sheet and partly from the Statement of Profit & Loss. Ratios satisfying the test of liquidity or solvency partake the items of both the balance sheet and income statement, some activity ratios coincide withthose satisfying the test of liquidity, some leverage ratios belong to the category of income statement.

1. Total Assets Turnover Ratio

This ratio is ascertained by dividing the net sales by the value of total assets.A high ratio is an indicator of overtrading of total assets while a low ratio reveals idle capacity.

2. Fixed Assets Turnover Ratio

This ratio indicates the number of times fixed assets are being turned over in a stated period.This ratio is an indicator of the extent to which investment in fixed assets contributes to generate sales. The fixed assets are to be taken net of depreciation. The higher is the ratio the better is the performance.

3. Working Capital Turnover Ratio

This ratio shows the number of times working capital is turned-over in a stated period.It indicates to what extent the working capital funds have been employed in the business towards sales.

Financial Performance of SBI and ICICI Bank

The financial performance of SBI Bank and ICICI Bank can be classified under some parameters, which are as Bank Size, Profitability, Liquidity, and Assets Quality. Each Parameter is going to be evaluating under some ratios for the specific period of study, which is as follows

Net Profit Ratio
Operating Profit Ratio
Return on Shareholder’s Fund or Net Worth Ratio
Earnings Per Share
Total Asset Turnover Ratio
Interest Expended To Interest Earned Ratio
Credit to deposit ratio
Capital adequacy ratio
Net profit margin

Net Profit Ratio

Table - 1

Year	SBI (Rs. In Crores)			ICICI (Rs. In Crores)		
	Net Profit	Net Sales	Net Profit Ratio	Net Profit	Net Sales	Net Profit Ratio
2010-2011	7370	96329	7.65	5149	33082	15.56
2011-2012	11707	120872	9.68	6465	41045	15.75
2012-2013	14105	135691	10.39	8325	48421	17.19
2013-2014	10891	154903	7.03	9810	54606	17.96
2014-2015	13101	174972	7.48	11175	61267	18.24
2015-2016	9950	191843	5.18	9726	68062	14.29
2016-2017	10484	210979	4.96	9801	73661	13.30
	Average		**7.48**	**Average**		**16.04**

Table 1 displays that Net profit of both SBI and ICICI banks were fluctuating. The highest Net Profit ratio of SBI was 10.39% in 2012-13 and that of ICICI bank, it was 18.24% in 2014-15, whereas the lowest Net Profit Ratio of SBI was 4.96% in 2016-17and that of ICICI, it was 13.30 % in 2016-17.

The average Net Profit Ratio of SBI is 7.48% and ICICI bank is 16.04% which implies that the Net Profit Ratio of ICICI bank is 8.56, which is more than that of the SBI.

Operating Profit Ratio

Table - 2

Year	SBI (Rs. In Crores)			ICICI (Rs. In Crores)		
	Operating Profit	Net Sales	Operating Profit Ratio	Operating Profit	Net Sales	Operating Profit Ratio
2010-2011	16217	96329	16.83	7380	33083	22.31
2011-2012	31574	120872	26.12	10089	41045	24.58
2012-2013	31082	135691	22.9	13199	48421	27.25
2013-2014	32109	154903	20.72	16594	54606	30.38
2014-2015	39537	174972	22.6	19720	61267	32.18
2015-2016	43257	191843	22.55	23863	68062	35.06
2016-2017	50847	210979	24.1	26487	73661	35.96
	Average		**22.26**	**Average**		**29.67**

Table No 2 demonstrates that the Operating Profit Ratio of both SBI and ICICI banks were fluctuating during the period of the study.
The highest Operating Profit Ratio of SBI in the year 2011-12 was 26.12% and that of ICICI bank was 35.96% in 2016-17. Whereas, the lowest Operating Profit Ratio of SBI was 20.72% in the year 2013-14 and 22.31% in 2010-11 in ICICI bank respectively.
The average Operating Profit Ratio of SBI is 22.26% and that of ICICI bank is 29.61% which implies that the Operating Profit Ratio of ICICI 7.35% which is more than that of SBI bank.

Return on Net worth Ratio

Table - 3

Year	SBI (Rs. In Crores)			ICICI (Rs. In Crores)		
	Net Profit	Shareholder's Funds	Net Worth Ratio	Net Profit	Shareholder's Funds	Net Worth Ratio
2010-2011	7370	64986	11.34	5149	55090	9.35
2011-2012	11707	83951	13.94	6465	64405	10.7
2012-2013	14105	98884	14.26	8325	66706	12.48
2013-2014	10891	118282	9.21	9810	73213	13.4
2014-2015	13101	128438	10.2	11175	80429	13.89
2015-2016	9950	144274	6.89	9726	98735	10.84
2016-2017	10484	188286	5.57	9801	99951	9.80
	Average		**10.2**	**Average**		**8.04**

Table No 3 demonstrates that the Return on Net worth Ratio of both SBI and ICICI banks were fluctuating during the period of the study.
The highest Return on Net Worth Ratio of SBI in the year 2012-13 was 14.26% and that of ICICI bank in 2014-15 was 13.89% .Whereas, the lowest Return on Net Worth Ratio of SBI in the year 2016-17 was 5.57% and of ICICI bank, it was 9.35% inn 2010-11.
The average Net Worth Ratio of SBI is 10.20% and that of ICICI bank is 8.046% which implies that the average Net Worth Ratio of SBI i.e. 2.154% more than the ICICI bank.

Earnings per Share Ratio

Table - 4

Year	SBI (Rs. In Crores)			ICICI (Rs. In Crores)		
	Net Profit	No. of Equity Shares	Earning Per Share	Net Profit	No. of Equity Shares	Earning Per Share
2010-2011	7370	63.5	116.06	5149	115.17	44.7
2011-2012	11707	67.1	174.47	6465	115.27	56.08
2012-2013	14105	68.4	206.21	8325	115.36	72.16
2013-2014	10891	74.65	145.9	9810	115.5	84.93
2014-2015	13101	74.65	175.49	11175	115.96	96.37
2015-2016	9950	77.62	128.18	9726	116.31	83.62
2016-2017	10484	79.73	131.49	9801	116.51	84.12
	Average		**153.97**	**Average**		**74.56**

Table No.4 reveals that the highest Earnings per Share was 206.21 in the year 2012-13 and that of ICICI bank was 96.37 in 2014-15. Whereas, the lowest Earnings per share of SBI in the year 2010-11 was 63.50 and that of ICICI bank in the year 2010-11 was 44.70.
The average Earnings per Share of SBI is 153.97 and ICICI bank is 74.56, which implies that the Average Earnings per share of SBI is 79.41, which is more than that of ICICI bank.

Total Assets Turnover Ratio

Table - 5

Year	SBI (Rs. In Crores)			ICICI (Rs. In Crores)		
	Net Sales	Total Assets	Total Assets Turnover Ratio	Net Sales	Total Assets	Total Assets Turnover Ratio
2010-2011	96329	1223736	0.07	33083	406234	0.08
2011-2012	120872	1335519	0.09	41045	473647	0.08
2012-2013	135691	1566211	0.08	48421	536794	0.09
2013-2014	154903	1792748	0.08	54606	594641	0.09
2014-2015	174972	2048079	0.08	61267	646129	0.09
2015-2016	191843	2357617	0.08	68062	720695	0.09
2016-2017	210979	2705966	0.07	73661	771791	0.09
	Average		**0.078**	Average		**0.087**

Table No. 5 depicts that the Total Assets Turnover Ratio of both SBI and ICICI banks was stable.
The highest Assets Turnover Ratio of SBI is 0.09 times in 2011-12 and that of ICICI bank was stable during the study period.
The average Total Assets Turnover Ratio of SBI is 0.078 times and of ICICI bank is 0.087 times, which implies that the average Total Assets of SBI Bank is more than that of the ICICI bank.

Interest Expended To Interest Earned Ratio

Table - 6

Year	SBI (Rs. In Crores)			ICICI (Rs. In Crores)		
	Interest Expanded	Interest Earned	Ratio	Interest Expanded	Interest Earned	Ratio
2010-2011	48868	81394	60.03	16957	25974	65.28
2011-2012	63230	106521	59.36	22808	33542	68
2012-2013	75325	119657	62.95	26209	40075	65.39
2013-2014	87068	136350	63.85	27702	44178	62.7
2014-2015	97382	153297	63.9	30051	49091	61.21
2015-2016	106803	163685	65.24	31515	52739	59.75
2016-2017	113658	175518	64.75	32419	54516	59.47
	Average		**62.86**	Average		**63.11**

Table no. 6 explain that during the study period, Interest expended to Interest Earned Ratio of both SBI bank and ICICI bank fluctuated.

The highest Interest Expended to Interest Earned Ratio of SBI was 65.24% in the year 2015-16 and for ICICI bank; it was 68.00% in 2011-12. Whereas the lowest Interest Expended to Interest Earned Ratio of SBI was 59.36% in 2011-12 and for ICICI bank was 59.47 in 2016-17.
The average Interest Expended to Interest Earned Ratio of SBI is 62.86% and that of ICICI bank is 63.11%, which implies that the average interest Expended to Interest Earned Ratio of ICICI bank is more than that of the SBI bank with 0.25%.

Credit to Deposit Ratio

This ratio indicates how much of the advances lent by banks are done through deposits. It is the proportion of loan-assets created by banks from the deposits received. The higher the ratio, the higher the loan-assets created from deposits. Deposits would be in the form of current and saving account as well as term deposits. The outcome of this ratio reflects the ability of the bank to make optimal use of the available resources.

Table – 7

Year	SBI Bank	ICICI Bank
2010	75.96	90.04
2011	79.9	90.45
2012	82.14	97.71
2013	85.17	0
2014	86.84	54.23
Mean	81.02	66.486

Table 7 depicts that over the course of five financial periods of study the mean of Credit Deposit Ratio in ICICI was higher (81.202%) than in SBI (66.486%). In case of SBI the credit deposit ratio was highest in 2014 and lowest in 2011. But in case ofICICI credit deposit ratio was highest in 2011 and lowest in 2013. This shows that SBI has created more loan assets from its deposits as compared to ICICI BANK.

Capital Adequacy Ratio

CAR is a measure of banks' ability to meet its obligations relative to its risk. The capital adequacy ratio exists to ensure that a bank is able to handle losses and fulfill its obligations to account holders without ceasing operations.

Table - 8

Year	SBI Bank	ICICI Bank
2010	13.39	19.41
2011	11.98	19.54
2012	13.86	18.52
2013	12.92	18.74
2014	12.96	17.70
Mean	13.022	18.782

Table 8 shows that CAR of ICICI Bank is much higher than SBI. So it shows that ICICI bank has more ability to meet its obligations related to risk as compare to SBI.

Findings

- The average Net Profit Ratio of SBI is 7.48% and ICICI bank is 16.04% which implies that the Net Profit Ratio of ICICI bank is 8.56, which is more than that of the SBI.
- The average Operating Profit Ratio of SBI is 22.26% and that of ICICI bank is 29.61% which implies that the Operating Profit Ratio of ICICI 7.35% which is more than that of SBI bank.
- The average Net Worth Ratio of SBI is 10.20% and that of ICICI bank is 8.046% which implies that the average Net Worth Ratio of SBI i.e. 2.154% more than the ICICI bank.
- The average Earnings per Share of SBI is 153.97 and ICICI bank is 74.56 , which implies that the Average Earnings per share of SBI is 79.41, which is more than that of ICICI bank.
- The average Total Assets Turnover Ratio of SBI is 0.078 times and of ICICI bank is 0.087 times, which implies that the average Total Assets of SBI Bank is more than that of the ICICI bank
- The average Interest Expended to Interest Earned Ratio of SBI is 62.86% and that of ICICI bank is 63.11%, which implies that the average interest Expended to Interest Earned Ratio of ICICI bank is more than that of the SBI bank with 0.25%.
- The Credit Deposit Ratio in SBI was higher (81.202 %) than in ICICI Bank (66.486%). This shows that SBI Bank has created more loan assets from its deposits as compared to ICICI Bank.
- Capital adequacy ratio of ICICI Bank is much higher than SBI. So it shows that ICICI bank has more ability to meet its obligations related to risk as compare to SBI.

Limitations

- The present study is confined to secondary data only and limited to financial figures.
- The study is based on the secondary data and the restriction of using secondary data may affect the results.

- The secondary data was taken from the various annual reports of the SBI and ICICI Bank therefore it may be possible that the data shown in the annual reports may be window dressed which does not show the actual position of the banks.
- This study does not consider non-financial facts and figures.
- The study is time bound

Conclusion & Suggestions

- State Bank of India (SBI) and ICICI Bank are the two largest banks in India in public and private sectors respectively. To compare the financial performance of the banks, various ratios have been used to measure the banks' profitability, solvency position, and management efficiency.
- It is concluded that both the selected banks i.e. SBI and ICICI are maintaining the equitable standards and earning the profits.
- The position of the both the banks is satisfactory but the comparison of the performance of SBI and ICICI Bank indicates that are significant difference between performance of SBI and ICICI Bank in terms of Deposits, Advances, Investments, Net Profit, and Total Assets.
- In this study we reveal that ICICI Bank is leading bank as compared to SBI. Hence, the customer has now more trust on the private sector banks as compared to public sector banks.
- But it is observed that the overall performance of SBI bank is better than ICICI bank.
- This study will help enhance further research on the subject by researchers and academicians.

- As Earnings per share (EPS) of ICICI bank is low as comparative to SBI. Therefore, the ICICI bank needs to take some measures to increase its income over its expenditure.
- Interest expended to interest earned ratio of SBI is less as comparative to ICICI. So, SBI bank need to take some effectives steps in order to increase its more earning capacity.
- Average net worth ratio of ICICI bank is less. Therefore, ICICI should increase its net worth more as comparative to other banks.
- SBI as the leading bank in India, technologically updated also as compare to previous years ,But due to tough competition with other banks and especially private sector giant ICICI ,SBI has to face a tough competition, so suggestion is that firstly it should try to minimize its NPA (non performing assets) which is quit higher than the other banks, then there can be a noticeable improvements in its performance.

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CHAPTER-6

GIG Economy: Renaissance of Blue Collar Jobs in India

***Dr. Abdul Tayyab Khan**
&
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Abstract

'Gig' – a new buzz word which was coined long ago is making news nowadays. In the current scenario, a 'gig economy' involves a temporary contractual job or short-term contract or freelance work that a person may take, on a project-to-project basis, for which the payment is made once the task is completed. The gig economy gets its name from each piece of work being akin to an individual 'gig'. Gig economy is considered as an offshoot of the digital era. Freelancers are attracted to the gig economy because they can follow their niche and, at the same time, leverage the flexibility and independence that comes with it and on the other hand it is a cost-effective way of saving administrative and compliance costs that they would otherwise incur if they choose to hire full time or regular employees for companies. Present study is a review article on exploring the various aspects of this new economic phenomenon. The study begins by exploring the attributes of the gig economy. Data collection is achieved through qualitative analysis. The application of these conclusions could increase the survival rate of new freelancers, India Inc and blue-collar workers in India if government takes timely measures to regulate this new disruption. The study is significant because this research widens contemporary assumptions about strategic thinking for individuals engaged in e-commerce.

Keywords: Gig economy, digital age, freelance work, blue-collar jobs, COVID-19.

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Introduction:

In recent years, all the means of media are filled with the stories premised on the idea that the share of jobs in India that do not involve a formal employer-employee relationship is large and growing. The term for this arrangement of work structure has been referred to as "gig economy". Gig economy can be referred to as a subset of flexible jobs mediated through various online platforms. It can be called as an "on demand" economy where goods and services can be acquired through apps on smart phones and other web based applications. The current discussion regarding alternative work arrangements echoes an earlier discussion that arose in the late 1980s and 1990s (e.g., Abraham 1988, 1990; Barker and Christensen 1998). Recently a phenomenal growth has been observed in the number of people working in contingent or precarious jobs –

positions in which workers had no long-term connection to a particular business, but were employed to complete a specific task or for a defined period of time – or under other non-standard employment arrangements. Uber, Ola, Amazon, Flipkart, Myntra, Urban Clap are some of the big examples of such work arrangement. The recent resurgence of interest in non-conventional work arrangements reflects the perception that new technology, along with the restructuring of business enterprises made possible by ever changing and exponentially growing technology.

The prevalence of gig economy in the times of pandemic like COVID-19 becomes more significant. Much of the discussion of the gig economy, as well as the broader discussion of non-employee work arrangements, has focused on the implications of growth in these arrangements for workers and their families. On the one hand, gig work may appeal to individuals for whom it provides the flexibility to better match their skills to work projects. India has seen an unprecedented exodus of migrant workers across the states during the times of world's longest lockdown. These workers were working in the economically rich and industry oriented states of India and mostly they were from BIMARU states. Most of these workers were involved in blue-collar jobs before their exodus. Now the states, to which these workers are returning back, do not have the capacity to absorb such a large workforce. Thus ultimately working under a non-employee work arrangement seems to be their only way of earning their daily bread. While there has been perpetual debate about the changing nature of work and its broader implications for workers and firms, different sources of data send conflicting messages regarding the prevalence of non-employee work generally and gig employment specifically. Further, relatively little is known about the answers to other important questions about the gig economy. Who are the people engaged in gig work? Where are they working and where will they work post lockdown? What type of work are they going to get? To what extent is gig work a primary source of earnings for those who do it as opposed to a source of supplementary income that complements earnings from a wage and salary job? Do those engaged in gig work tend to be low-earning or high-earning individuals? Where does such work fit into the life cycle career path of individuals? Do individuals engage in such work because they are pushed into doing it or do they do it by choice? Has any or all of this changed over time? What are the implications of any changes that have occurred for the measurement of output and productivity?

Although according to a report published in Economic times "About 100 to 120 million blue-collar workers in India have gone without income in the past months due to the nationwide lockdown imposed in the wake of the Covid-19 pandemic". And further more adding to their` woes jobs are also expected to nosedive in the remaining quarters of the year unless demand picks up by the festive season later this year. This study is an attempt to scan around the bright and dark side of gig economy, its scope and its impact on economy as well as life of blue-collar workers.

Literature Review:

Between 2005 and 2013, 85% of employment growth emerged from the gig economy. However, many workers are forced into this gig economy and not by choice (Friedman, 2014). Using gig economy companies, freelancers "[piece] together a livelihood from a range of activities" (Huws and Joyce, 2016). Thus, freelancing allows companies to fill a specific need while cutting out

costly hiring processes— this allows companies to retain monies for use on additional projects (Ricker, 2017). Additionally, this gig economy provides freelancers the opportunity to make lifestyle choices that a conventional job would not allow them. Gig economy workers may be able to choose when and where they want to work as well as how much they charge for their services. Although gig economies have many benefits, freelancers should ensure that they are aware of the risks. Not all freelancing companies conduct business in the same way. Some companies, allow the freelancer to choose their jobs, taking a percentage of the revenue earned for each job, while others charge a flat fee that is added to the final cost of the project (Kallenburg and Dunn, 2016). Although the gig economy may represent a short-term stimulus in the global environment, only time will tell if this business model can achieve sustainable success in the future. The gig-economy is increasingly making an appearance on the political agenda. It has been subject to criticism and mixed opinion in regard to the employment laws around the failing to protect workers' rights (European Parliament, 2017 and Odgers, 2017). There is no an overall consensus on the definition of the gig-economy (CIPD, 2017).

It has been described as the performing of work by connection to customers and clients through a platform (Brinkley, 2016). It is referred to as "crowd sourcing", the "sharing economy" and the "collaborative economy" (Stewart & Standford, 2017, p.421). Characteristics of the gig-economy include: workers being subject to flexible working patterns based around the demand for the service; workers providing their own place of work; tasks being performed over an online platform and typically a triangular like relationship existing between the employee, the end-user and a digital intermediary (Stewart & Standford, 2017). What should be included within the gig-economy is often ambiguous, but largely it includes the use of working via a digital platform (Smith & Leberstein, 2015 and De Stefano, 2015). This digital element is argued to be the primary distinction between the gig economy and traditional working arrangements (Burtch *et al.,* 2016). There are currently four broad types of platform that have been identified: higher skilled creative and IT tasks that can be performed from anywhere; low-level repetitive work that can be performed from anywhere; manual service work performed on the customers' premises and lastly, work that involves driving or delivering (Huws *et al.,* 2016).

There is a broad range of work that is included, from professional office jobs, IT work and the running of short-term errands (Huws & Joyce, 2016). Some well-established companies within the gig-economy include Uber, TaskRabbit, Amazon Mechanical Turk, Deliveroo, Sharing Academy, Crowdsource and Crowdflower (De Stefano, 2017). The classification of employees within the gig-economy is debated (Rogers, 2016). Companies often describe themselves as a database where clients and workers connect, therefore classifying workers as self-employed (Todolí-Signes, 2017). Due to this, the platforms can be used to bi-pass regulations by operating outside of the traditional employment structures (Aloisi, 2016). Workers, unlike individuals who are classified as self-employed, are entitled to different rights including national minimum wage, paid rest breaks, collective bargaining rights and statutory holiday pay (Emir & Selwyn, 2016). In contrast, self-employed workers are not in any way protected by the Employment Rights Act 1996 (Kidner, 2017). The ambiguity of the legal definitions, which has often resulted in misclassification of the employment status of individuals, has led to the courts having to decide and classify the nature of the employment relationship using a multiple test (Emir & Selwyn, 2016). This states that there has to be an element of control which an employer has over an employee and some form of mutuality of obligations (De Stefano, 2015).

There is no set number of indicators that will precisely confirm an individual's employment status (Stewart & Standford, 2017). It is clear this emerging economy brings great opportunities and benefits such as the creation of new employment structures, increased productivity and improved access of goods and services but this is not without costs and implications (Huws *et al,*. 2016). However the advantages for the workers themselves varies to a great extent, which will be the focus of the following research.

Framework and Methodology:

The present study is about the gig-economy, the current pandemic crisis and the its impact on blue-collars or gig-workers in India. After the introduction to the topic, this research article is structured as follows: The second section of the paper describes the conceptual background of gig-economy and its local and global emergence following the third section presenting the concise introduction to blue-collar workers in India. The fourth part of the paper shows the PESTLE analysis of gig-economy. The fifth section describes the overall conclusion of this paper.

Gig Economy:

Nonstandard working arrangements are those in which the traditional employer–employee relationship has been altered. Although there is no universally acknowledged taxonomy, such arrangements may include working less than full-time, through a second employer, on-call, on a temporary basis, outside the legal definition of employment, among others. Proponents of such arrangements consider them ''flexible,'' while others have characterized them as ''precarious.'' Contingent work is defined by the US Department of Labor Bureau of Labor Statistics (BLS) as ''any work arrangement which does not contain an explicit or implicit contract for long-term employment,'' to include independent contractors, on call workers, and workers provided by contract firms; the Government Accountability Office has expanded that definition to include additional non-standard work arrangements. In a series of surveys, contingent workers earned less, were more likely to live in poverty, received fewer benefits, and were younger and more often of Hispanic ethnicity when compared with workers in standard working arrangements. Nonstandard work relationships raise questions about occupational safety and health and have been associated with adverse mortality outcomes. ''Gig'' work, a unique subset of contingent work, has grown markedly since the most recent recession, although absolute numbers are still small and difficult to track. The term was first coined by journalist Tina Brown to describe ''contingent'' work that is transacted on a digital ''marketplace.'' Recently, the US Department of Commerce proposed a new definition for these companies, which it calls ''digital matching services.'' These services are defined as those that (1) facilitate peer-to-peer transactions using online platforms or mobile apps; (2) utilize user-based rating systems; (3) offer workers flexibility in determining their hours; and (4) place responsibility on workers to provide whatever tools or assets are necessary to accomplish their work. While piecework has long been a staple of low- and middle income work, this new version involves workers from many socioeconomic levels. The defining characteristic of gig economy businesses is that they offer online

applications to connect individuals seeking services with those providing services, and do not consider themselves to be service providers.
The services themselves can be entirely online, such as photo tagging or completing surveys or offline, such as providing housecleaning or transportation. Because they claim not to employ the people providing the service, who are considered independent contractors, gig businesses deny having an employer relationship or the responsibility to follow labor laws. Therefore, most do not provide benefits such as health or workers' compensation insurance. Unlike typical independent contractors, however, workers cannot negotiate their rates or work contracts, but must electronically accept the platform's terms in order to access assignments. Although most workers in the United States are ''at will'' employees who can be fired for any reason (as long as it does not overtly discriminate against workers for statutorily protected characteristics such as religion or ethnicity) gig workers can be let go even more easily; since they do not have a contract, they only have to be deactivated from the platform. As Aloisi notes, ''Uncertainty and insecurity are the price for extreme flexibility.'' Companies that would be considered part of the gig economy started appearing in 2005, with the launching of Amazon's Mechanical Turk, widely considered one of the first gig economy platforms. Since then, they have exhibited a high rate of growth, in size, number, and revenue. The global ''sharing economy'' market as a whole was valued at $26 billion in 2013, and some predict it will grow to become a $110 billion revenue market in the coming years. Based on tax receipts, it has been estimated that, since, 2009, nearly 1.3 million new non-employer establishments were created—nearly 75% of all businesses. Of the nearly 270,000 non-employer businesses added between 2012 and 2013, three sectors accounted for 60% of the growth: other services; transportation and warehousing; and real estate, rental, and leasing. As of December 2014, Uber had about 2000 employees but more than 160,000 ''driver-partners'' in the United States alone, while Netflix employs a small fraction of the number of employees that used to work in the company it supplanted, Blockbuster. Uber, one of the few companies for which data are available, has more than doubled the number of new drivers every 6 months for the last 2 years.

Blue Collar Workers in India:

The term "blue-collar" refers to a type of employment. Workers in blue-collar jobs are compensated by hourly wage system and they typically do manual labour. Some fields that fall into this category include construction, manufacturing, maintenance, and mining. The term originated in the 1920s when blue-collar workers—such as those in mining and construction—wore darker color clothes (e.g. jeans, overalls, etc.) to hide dirt. Originally, a blue-collar job did not require the worker to have much education or even expertise in the slated job field—again, in contrast to a white-collar position, which demanded at least a high-school diploma and, in later decades, some college. But now the definition of blue-collar jobs has been redefined in a gig-economy. Now a blue-collar worker can be a driver, a delivery agent, a beautician, a gardener, a plumber etc. Today, however, the term "blue-collar" has evolved, and it's common to find workers in this role who are formally educated, skilled, and highly paid. The ever increasing demand for daily services in the urban area has led to an explosion of blue-collar workforce in India. From delivering food and appliances, to helping with home maintenance and carpentry work, the segment is growing exponentially, mostly driven by rapid urbanisation. A majority of the blue-collar workforce comes from villages, migrating to cities in search of better jobs.

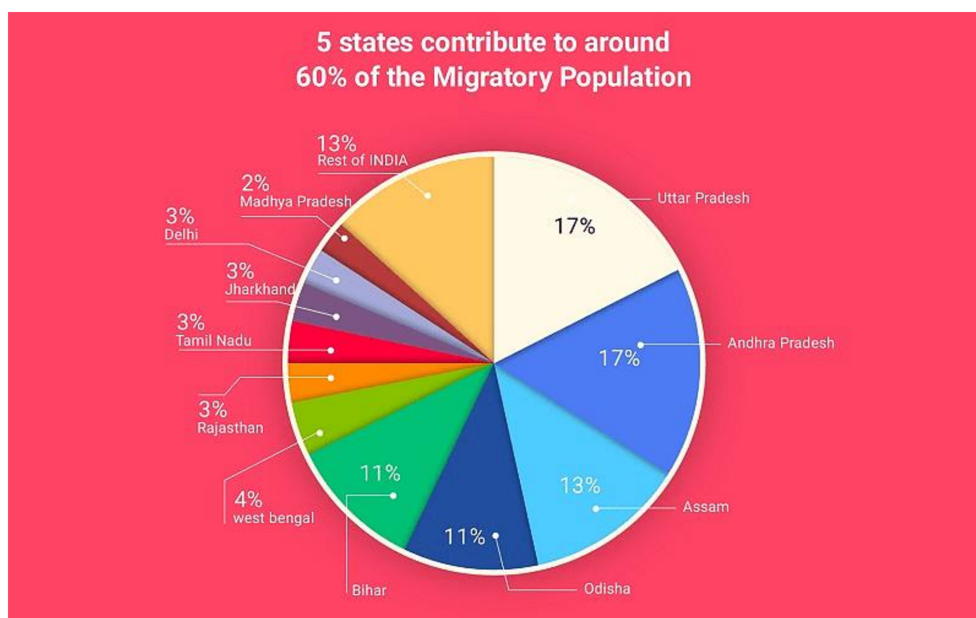
According to recent reports from numerous sources that out of more than 21 lakh jobs across select job verticals in 2019-20, the gig economy accounted for over 14 lakh jobs. Reports suggest that in India, Uttar Pradesh and Andhra Pradesh have the largest number of people migrating, closely followed by Assam and Odisha. About 35 percent of this workforce earns a salary of Rs 15,000-Rs 25,000 per month. Nearly two-thirds of the workforce falls in the age group of 24-38 years. Today, blue collar workers are looking at savings, location, living conditions and a community, which are some of the key factors in determining the willingness for them to take up a job.

Table No.1 Blue-Collar Workforce (as on March, 2019)

Work Category	No. of Workers	City	No. of Workers
Delivery staff	8,02,745+	**Bengaluru**	2,34,800
Drivers	5,98,627+	**Delhi**	2,25,801
Security	3,49,313+	**Mumbai**	1,33,244
Facility	2,49,657	**Pune**	1,10,520
Beautician	24,657	**Chennai**	93,222
Maintenance workers	25,145	**Noida**	85,460
School workers	49,855	**Hyderabad**	54,052
		Gurugram	50,690
		Kolkata	23,950

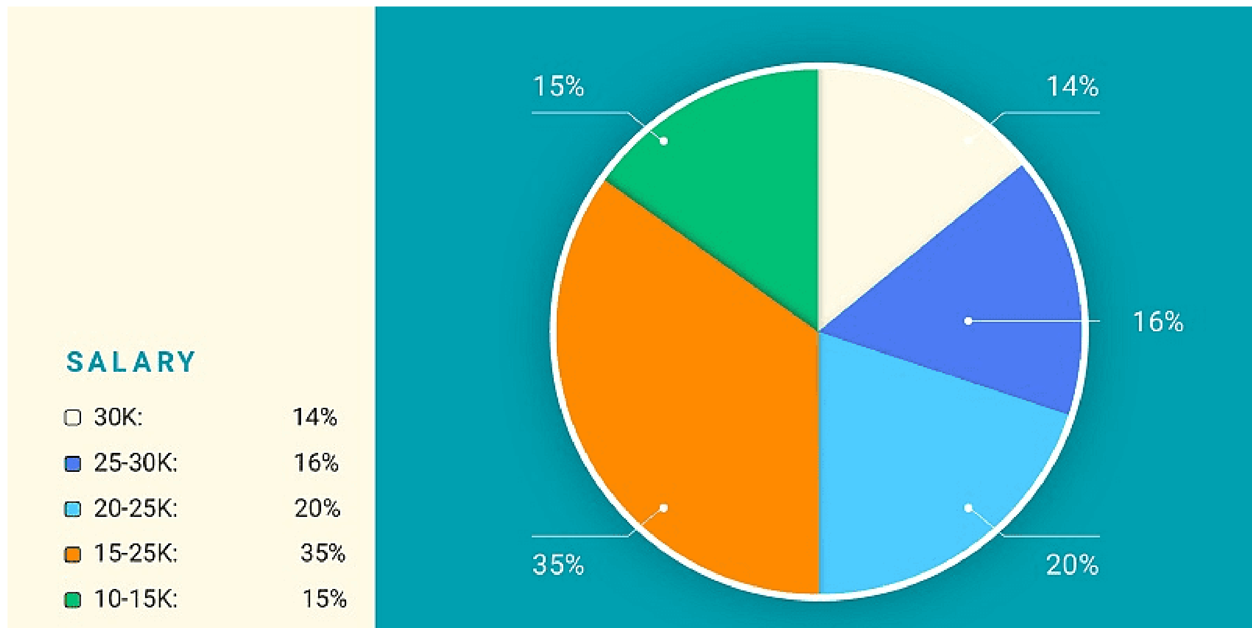
(Data Courtesy: BetterPlace)

Graph 1 State wise Blue-Collar Workers Data



Source: Better Place

Graph 2 Salary wise Blue-Collar Workers Data



Source: Better Place

PESTLE Analysis of GIG Economy-

Strategic analysis is an important tool for analyzing gig economy. Effective analysis reviews the competitive environment, defines key issues, and recognizes critical assumptions on which organizational strategies are built (Harris and Lennox, 2013). PESTLE is an environmental analysis of several critical factors, including political, economic, social, technological, legal, and ecological (Palmer *et al.,* 2017). Gig economy has been analyzed using PESTLE technique to explore about its various aspects.

Political: From the political perspective, there has been an uproar from the traditional traders making a foul cry to the government. The traders which belong to an important sector of vote bank are often seen complaining to government about the online shopping platforms regarding various issues. Though government has not much heed to their woes and cries. But still the online traders are under continuous scanner of the government. Despite of the recent huge capital inflow by one of the global online shopping giant Amazon in India, its efforts are not very much acknowledged by the government. Which shows a confounded view of government towards these online traders.

Economical: One of the greatest advantages of gig-economy is that it has started the merging of informal sector of India into formal sector, and more and more people are getting under the tax ambit. It has been observed that in the developed countries informal labor is less of a problem, but in countries such as India, it is one of the greatest obstacles to government spending on

critical priorities, including infrastructure, health care, and education. And while the gig economy (and digital transactions more broadly) is still very new to India, there are signs that a formalization of the tax system has already begun. According to the Indian government, 10.1 million people filed taxes for the first time in the last fiscal year—up by 40 percent from the average of the previous six years. Using PESTLE analysis, individuals can see that there are dramatic changes that emerge from gig economies; this economy is a new way of working compared to traditional jobs. Despite of the reporting of various issues like lower wages India has witnessed an exponential growth in gig economy. According to a report 56% of the new jobs that are created are in Gig economies. 24% of the world's gig workers come from India and India contributes around 40% to global freelance workforce. A current report uncovered that 14 lakhs of the Indian workforce comprises temporary workers and independently employed specialists (Better Place).

Social: In the light of the current COVID-19 crises and long-term prevailing lockdown the significance of the gig economy has increased. New social norms of work from home, staying home and social distancing would have a likely impact of gig economy on the society and economy as whole. With the advent of globalization, a plethora of goods and services are available at just one click away from the buyer from numerous sources and at very economical rates. As far as workers are concerned in the gig economy, they are empowered with maximum flexibility of working hours and wages. In today's environment, there is a multigenerational workforce (Green and Roberts, 2012). Workers can customize their working hours, working location and work load as per their needs and efficiency. The diminishing interest of millennials in permanent full-time jobs is ever increasing this may be because they feel that they were pushed into the independent workforce during the recent economic downturns and had remained in this area of work owing to the residual soft economy. This causes concern that millennials may not be learning key skills such as communication, leadership, and teamwork that are essential to survive in a corporate culture, thus causing them not to understand the time that it takes to truly master a skill or earn a promotion (Brown, 2017).

Technological: Technology and especially information technology is a new disruption in the industry which forced the way of work. There is tremendous innovation in the work process when compared with the traditional work fields. Simultaneously, with the availability of free-lance employees the companies are having a major cost advantage on traditional companies as they can channelize those savings into materials, products, and services. Gig economies, such as Uber, Ola, Amazon, Flipkart etc, as an industry do not consume considerable raw resources, such as paper, in their work. They do not need large office spaces for employees or prestige. They also save employees' time by communicating with clients through the company website, phone, or other online methods.

Legal: The dark side of the gig economy is that workers do not have any claim on any social benefits such as insurance, medical benefits, employee's provident fund, bonus, gratuity or any other social security or statutory benefits as they are not full-time employees of a company, unlike traditional employment. This void is created due to absence of any Indian law in this

space. As per the Indian laws they are classified as independent workers or contractors. Owing to their status as self-employed entities, many workers do not enjoy the assurances and rights that unions and laborers' developments have spent over a century battling to accomplish (Marx, 2016). Furthermore, most laborers in the gig economy are not protected by a "no lowest pay permitted by law" clause, they do not have job loss benefits or paid sick time; they are not afforded the benefits of retirement annuities; they are also not protected by laws that regulate working hours. Freelancers make their way in this new segment, yet they have no protection and are at the impulse of the platform(s) with which they have associated themselves (Marx, 2016). This reality may cause changes in regulations in the future for gig economies.

Environmental: Environmental factors have minimal impact. With freelancing, there is no need to commute to work, reducing environmental concerns such as pollutant emissions. Furthermore, Palmer *et al*. (2017) argued that physical factors, such as environmental concerns, can create external forces that garner management attention. Freelancers utilize computers and software. They operate paperlessly and do not contribute significantly to the continued amount of waste going to a nation's landfills.

Table 2. Pestle Analysis of GIG Economy

P Political	E Economic	S Social	T Technological	L Legal	E Environmental
Risk of government intervention imposing employment laws or trading laws on companies.	Expansion of formal sector as more people will come under the tax ambit of the country. Elasticity of the workforce. Job security dependent upon the economy.	Multigenerational workforce exists. Creation of one's own work hours. Determination of one's own workload. Accessibility to a worldwide workforce.	Internet-based businesses with varying bandwidths. Computer-based work availability. Accessibility to a worldwide job market.	Lack of benefits exist. Lack of laws to protect freelancers exist. Lack of government laws to protect workers exist	Energy savings owing to noncommuting workforce. Usage of computers and software that are owned by freelancers. Limited need for resources such as paper, electricity, or real estate.

Conclusions:

The relevance of gig-economy cannot be undermined as the forces of globalization continue to increase every day. Although Indian industries are is still coping with the uncertainty during the

Covid-19 crisis and the industry has gone down by 60-70 per cent, may be also because most of the workers have rushed to their home towns. There is hiring happening in some areas, particularly the online grocery companies and food delivery ventures. However this gave companies a chance to explore new models of employment as many of them are evaluating a new HR- model like gig-workers and freelancers. The effects of the current lockdown on blue-collar workers, working in gig economy would be positive as around 60% of the organizations in India has increased share of gauging for blue-collar workers as compared to full-time workers. Although around 120 million gig workers are unpaid due to this unprecedented crisis but still the future looks promising for these blue-collar workers as per a report from Deloitte. The significance of gig-workers cannot be overlooked by India Inc if they want to face and beat the global competition successfully and proactively. This fact cannot be ignored that gig-economy has become a disruption for conventional hiring strategies and gained a sufficient momentum both locally and globally and would be a critical factor in coming future. This level of disruption is something that has not been observed in the human resources arena previously (Ricker, 2017). For the companies to maintain their lead in the freelance gig economy sector, they should carefully monitor the changes that may be coming in government and employment policies. Contingent arrangements are expanding beyond traditional occupations in both private and public sectors. Evidence is mounting that gig platforms are replacing at least some traditional employment. As workers are hired less commonly as employees and more as independent contractors, access to health protections such as health insurance and workers' compensation will decrease. Without new and effective interventions, the underserved workers of the future will look like a cross-section of the entire population. Addressing the occupational safety and health needs of the growing gig sector is crucial to safeguarding worker protections both now and in the future.

Though loaded with so many positive aspects like working-hours flexibility, location flexibility, work-life balance, cost effectiveness, expansion of the formal sector of the economy etc. the downsides of the gig-economy like absence of workers social benefits, absence of laws regulating the new working arrangements, absence of job security cannot be overlooked.

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CHAPTER-7

Impact of COVID-19 on Mergers & Acquisitions

***Sayed Nuseba Rasheed**
&
**** Dr. Firoz Husain**

Abstract

Many economic downturns have reduced the inefficiency of the economic system. This research paper aims to investigate the impact of the COVID-19 epidemic — a serious health problem — on global integration and discovery (M&A). By collecting statistical data on global transaction volume, quantity, and type, the study aims to find an overview of how integration, acquisition, and other reorganization activities are used to support business objectives during these unprecedented periods. Although the full impact of COVID-19 cannot be fully understood yet (early 2021), research is trying to show how this change in economic stability has led to the destruction of industrial Schumpeterian art. As firms prepare for the growth that will follow this decline, M&A will enable companies to look to the future with technology and business models divergent in structure. This research paper therefore captures the deliberate change taking place in the world of contracts in order to discuss the potential market perception of M&A contracts in the post-epidemic world.

Keywords: mergers and acquisitions; COVID-19; economic stability; post-pandemic; corporate restructurings

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1. Introduction:

While many speculated about the economic downturn in 2020 (following the bull market), no one foresaw the economic downturn that would result from the onset of the epidemic. The COVID-19 epidemic halted the operations of many companies and shut down most of the world's population within their homes for health and safety purposes. Lack of priorities and the readiness of companies (large or small) to deal with such external events has led to organizational / environmental consensus / instability [1,2]. The quake's compliance with new sanitation standards, government restrictions [3,4], and service delivery limits has exposed companies' ability to cope with the new business environment created by the health crisis. In the realm of the novel, corporate consolidation, acquisition, and reorganization have become a major factor for companies looking to redesign their strategic plans to better compete, let alone survive.

One year into the pandemic, we can see that similar to most economic downturns, some companies were fortunate to profit from the weakening economy while other companies were forced into survival mode or to cease operations. On the one hand, we have companies with strong balance sheets that used the misfortune of COVID-19 as an opportunity to future-proof and diversify their portfolio using mergers or acquisitions. On the other hand, some companies were forced to divest part of their business to remove the excess dead weight. Regardless of the strategy undertaken by corporations, CFOs were faced with major hurdles in forecasting cash flow and performing accurate valuation given the unpredictability of the pandemic.

While globally the M&A market slowed down, it never came to a zero-deal volume. The pandemic was a surprise that tested the resilience of companies in the context of aninterconnected world. This paper thus explores the impact of COVID-19 on global mergers, acquisitions, and corporate restructuring activities. Using scientific literature as well as interviews and statistical data collected by global institutions, the paper looks into better understanding the short- and long-term effects that this unprecedented turn of events has had on global M&A.

Throughout this research paper, the term M&A is used to refer to the financial transaction by which two or more different entities consolidate in view of creating synergies that can be exemplified by gains in operational efficiency and/or increased capabilities. More particularly, the term “mergers” entails the joining of two comparable sized companies in view of creating a new entity, while the term “acquisitions” describes the absorption of a company by a (typically) larger one. While all M&A proceedings are all unique in value and type, they all aim at supporting the strategic mission and vision of the parties involved. In the first part of the paper, through a descriptive statistical analysis of the M&A markets, we aim to get a pulse of how M&A proceeded amidst the COVID-19 pandemic.

The second part then assesses the impact that the health hazard has had on the strategic plans of companies, and how mergers, acquisitions, or other corporate restructuring activities have been utilized as a value creation tool to complement the changes in corporate focus. This section also includes an analysis of ways in which the pandemic has altered the M&A process. In the third part of the paper, there is an analysis of other exogenous factors that have also incentivized M&A activity amidst uncertain times. Additionally, in the fourth section, the research discusses trends that are going to shape M&A activity in the post-pandemic world. Finally, the authors offer their outlook of the M&A market as countries globally recover and adapt to the altered consumer and organizational behaviors.

2. M&A during the COVID-19 Pandemic

2.1 Deal Volume on Different Epidemic Wave

As noted in Figure 1, when the World Health Organization announced a global outbreak, the global volume of M&A agreements dropped by almost 50% from mid-February 2020. An unexpected business environment characterized by accommodation orders, competition for new government policies, and speculation. unclear viral load of COVID-19 has caused this sharp decline [5]. In the months that followed, the slow pace of door-to-door measures, as well as vaccination announcements, gave impetus to M&A processes. Therefore, in those unprecedented

periods, the total number of deals disclosed from January 2020 to October 2020 amounted to USD 2.2 trillion [6].

In the last two quarters of 2020, in addition to the decline in uncertainty caused by the virus, hope for political stability following the Biden-Harris victory and financial determination to close the lost time early in the year led to V. -Shape recovery for the deal market. The fourth quarter of 2020 was named "the third strongest in M&A in two decades." According to the Financial Times, "since the beginning of October, $ 612bn deals have been agreed, up from $ 461bn over the same period in 2019 and $ 491bn in 2018" [7].

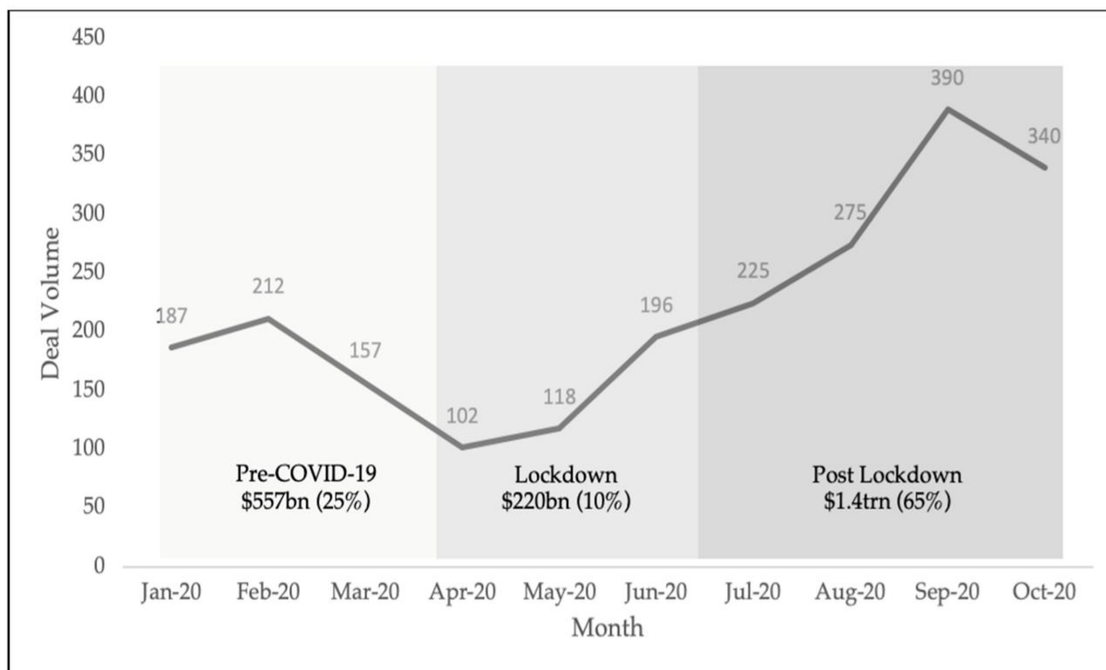


Figure 1. Deal Volume: Breakdown by Phases (Source: Data collected from Deloitte).

2.2 Deal by Industry

Compared to previous economic downturns that stemmed from the financial system itself, the 2020 economic crisis was a global health tragedy intertwined with supply and demand suppressions. As such, its impact has been non-uniform on the different industries. Shortages of toilet paper on store shelves, the rapid adoption of telehealth, and limited long-haul travel are illustrations of how the pandemic has deeply altered consumer behavior. Through the “valley of death” of the pandemic [8], a new normal is emerging. Industries that were once resilient and considered essential may no longer be considered so and they are being challenged by new business models. Consequently, “we’re currently in a period of unprecedented accelerated Schumpeterian Creative Destruction” [8].

In light of those transitions, as indicated in Figure 2, we can see that the industries least impacted by COVID-19—those that were either considered “essential” or those that were able to rapidly adapt to the new normal—were more active in the M&A sphere. For instance, the technology and healthcare sectors saw strong adoption during the crisis and outperformed their

historical average number of deals as companies continued to grow organically through M&A. However, many industries that were historically resilient with strong M&A deal volumes were affected by restrictions brought by the pandemic. They experienced a lower M&A deal volume in 2020. Therefore, the predictability and outlook of the industries were crucial factors that determined the M&A playbook.

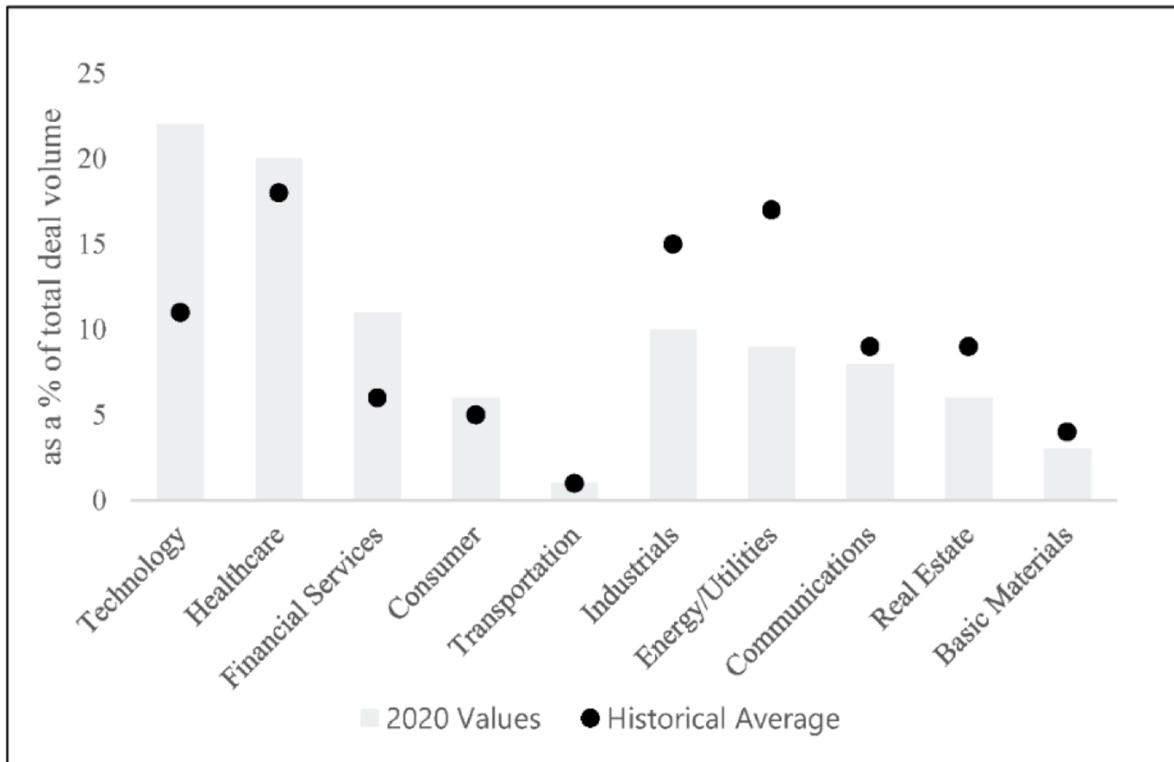
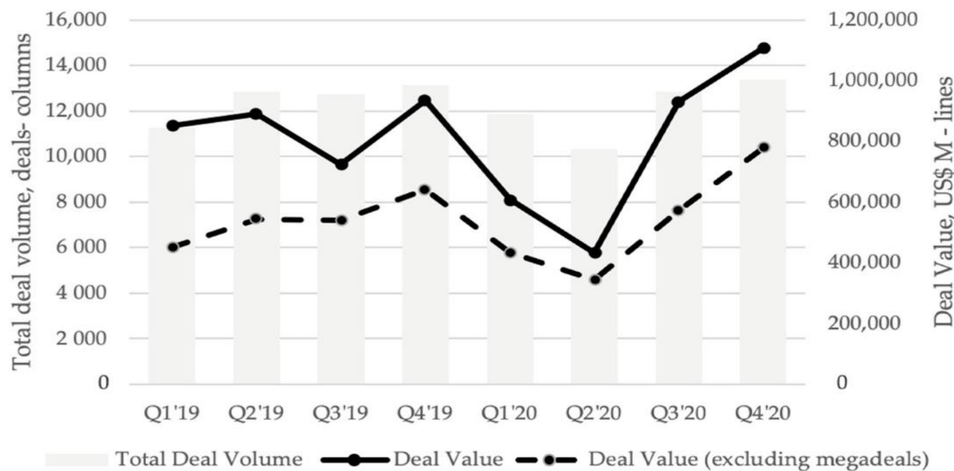


Figure 2. M&A Activity by Industry (Source: Data collected from Refinitiv).

2.3 Deal size

The year-over-year change in deal volume decreased by about 7.5% in 2020, whereas the total value of transactions decreased by 16% [9]. More particularly, insights gathered by PwC on the Global M&A Industry trends, as illustrated in Figure 3, show that despite the sharp decline in the first half of 2020, the global deal value and volume increased by 94% and 18% respectively, which were both superior to the last two quarters of 2019. The number of megadeals in the last two quarters amounted to 56 megadeals in 2020 compared to 27 megadeals in 2019.



The surge in deal value may be attributed to an increase in the number of megadeals (that is, deals that are greater than USD 5 billion). Those megadeals occurred more particularly in the technology and telecom sectors where M&A activity was up in value by 118% and 300%, respectively. The surge in megadeals in the third and fourth quarter of 2020 exemplifies the ambition of companies to profit from the favorable interest rates and to "scale during the downturn" [10]

3. Impact of COVID-19 on M&A Activity

The commonality between the previous financial crises and the one that incepted in late 2019 and early 2020 is that they all inflicted unprecedented financial turmoil. As the research presented by Andriuškeviˇcius [11] mentions, events of economic uncertainty highlight the capacity of M&A activity to create value for companies looking to grow strategically, innovate, and/or adjust in light of changing socio-economic conditions.

Unlike precedent financial crises, the interruption caused to deal volume during the COVID-19 crisis was not solely a consequence of the downgrading of economic factors. It was more so an amalgam of environmental and financial determinants. Therefore, overnight, unlike other downturns, the industry was forced to transform its strategies, processes, and traditional methodologies to account for the new reality that encompassed more than financial constraints.

3.1 Impact on strategic focus

The pandemic has tested the viability of firms in an evolving competitive landscape where the "essential nature" of the firm, the delivery method of products or services, or the firm's place in the value chain have been reexamined. The virus has thus revealed the weaknesses of corporate structures and presented an opportunity for businesses to transform and innovate, and to realign their strategic paths to address the current mismatch between the firm's value proposition and the evolving needs of its business environment [12].

(i) **M&A to stimulate inorganic growth**

In response to the health crisis, there is a group of companies that have looked towards M&A for the "upgrading and updating of resources and capabilities in a timely manner to avert

environmental shift, rendering the current strategy obsolete" [1]. Faced with the unpredictable limitations of the pandemic, corporate executives were compelled to consider more attentively the strategic fit of M&A, and the capacity of M&A to stimulate inorganic growth and profitability in a slowing economy.

For example, during the pandemic, Well Technologies (a company traded on the Toronto Stock Exchange) completed about 10 acquisitions in 2020 to fulfill their corporate strategy of expanding their market share and product portfolio. Acquisitions such as that of Circle Medical Health in November of 2020 were aimed at growing its operations in the United States, whereas the acquisition of DoctorCare was intended to increase their product offering by expanding direct billing services for doctors.

(ii) **Opportunistic M&A to address future concerns**

Many would agree that the COVID-19 pandemic caused companies from all industries to undergo a digital transformation that would have otherwise taken about 10 years. Overnight, businesses were pressed to adopt new business models to adapt to the new social distancing measures. This situation gave organizations an insight as to what their present weaknesses were, and what are the gaps they would need to fill
to adapt to the future state of their businesses.

Opportunistic companies [13] like Accenture, with strong cash positions, seized the low-interest rate and cheaper valuations to acquire companies that would allow them to acquire proprietary technologies or acquire talent (which was difficult during the pandemic) to stay ahead of the upcoming demands of their clients and employees.

Moreover, Accenture, as one of the most acquisitive companies, acquired numerous cybersecurity companies or companies specializing in innovative technologies like blockchain and artificial intelligence to acquire the skills and knowledge that their clients would require in the coming years [14].

Furthermore, in December 2020, Salesforce announced the acquisition of Slack Technologies. The goal of this acquisition was to reinforce Salesforce's ecosystem of software applications by combining the technologies of one of the most advanced enterprise-grade communication software to its enterprise offering, in view of getting ahead of their clients' needs in an all-virtual work environment.

(iii) **Corporate restructuring for survival**

The EY 2020 Global Corporate Divestment Study [15] illustrated how divestments increase the likelihood of companies' resilience in a slowing economy. For example, following the 2008 downturn, companies who were bold enough to transform their businesses through divestitures had median shareholder returns that were 61.5% greater than companies that did not divest (see

Figure 5: Median change in total shareholder return (2010–2018) for divestments completed in years 2008–2010).

Consequently, amid the COVID-19 crisis, companies have once again had recourse to divestitures to raise capital for reinvestment,optimize their portfolio, and focus on profitable core operations [16]. For example, in October 2020, IBM announced that it was separating from its core legacy operations to focus on cloud computing services that yield higher margins [17] (Vengattil, 2020). This strategy would imply the creation of a separate entity, NewCo, that would absorb the IT Infrastructure Services Unit of IBM and have a separate managing team. Ergo, we can see that in times of an economic slowdown as was the case in the COVID-19 outbreak, some companies have had to transform their businesses by divesting, whether through a spinoff, split-off, or carve-out to survive

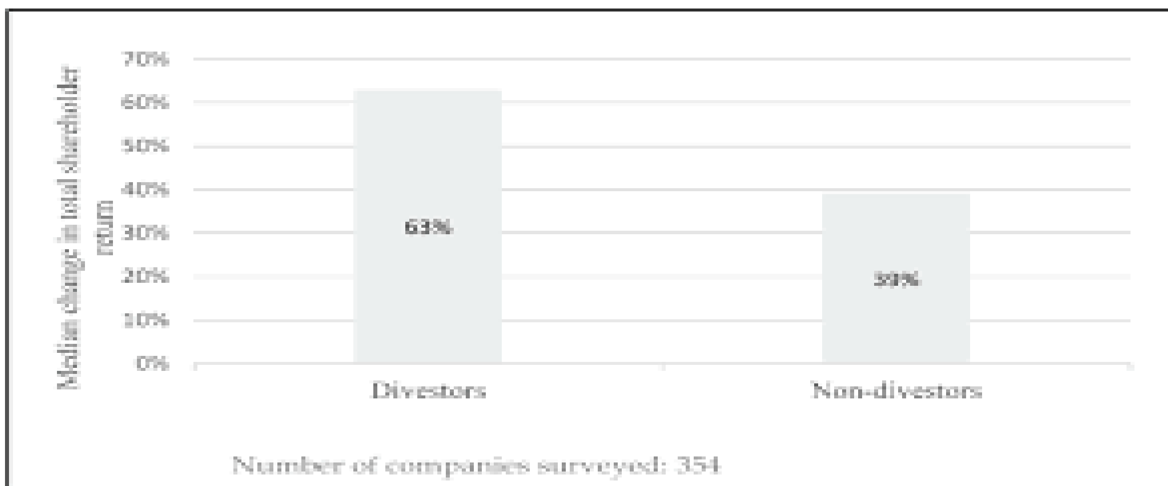


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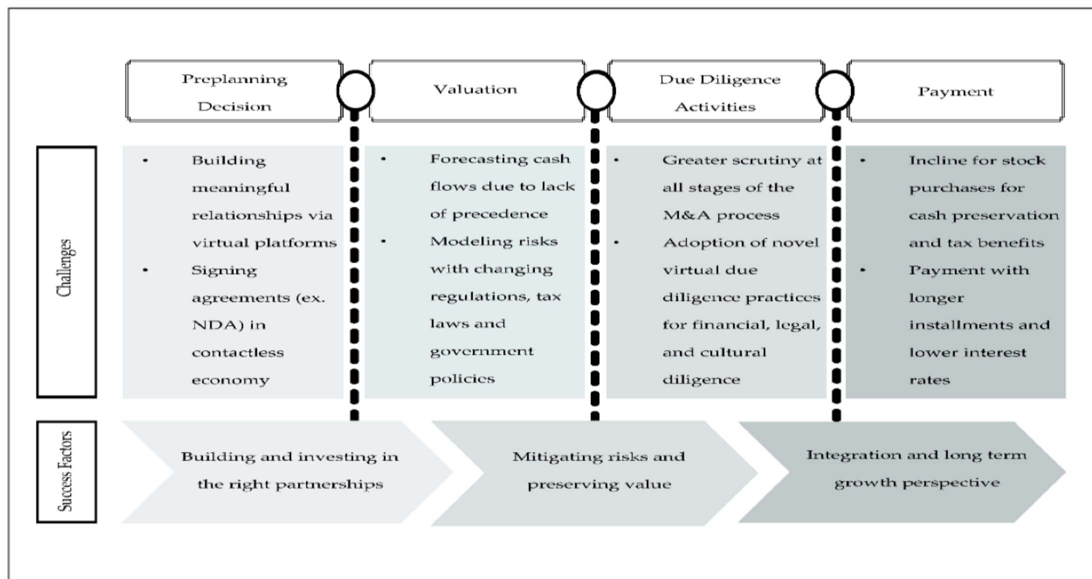
Figure 5. Median change in total shareholder return (2010–2018) for divestments completed in years 2008–2010 (Source: Data collected from EY Analysis, S&P Capital IQ).

3.2 Impact of COVID-19 on M&A Process

In an all-virtual environments, together with uncertain economic expectations, the M&A process—from planning to deal closure and integration—has had to evolve to match the needs of both buyers and sellers. Figure 6 summarises four distinct processes that have undergone the greatest transformation with the adverse events of the 2020 pandemic.



Impact of COVID-19 on the Different Phases of M&A.

(i). **Preplanning**

Relationship building Prior to the COVID-19 epidemic, businesses relied heavily on common physical resources; in particular, face-to-face meetings, coffee talks, and business conferences to build their banner line, and close deals [18]. With the new health guidelines, physical interaction between the parties had to be done in a practical way. One of the biggest barriers to having a meaningful interaction is that it is even more challenging to hold public references and discuss topics that would be very liquid in a live setting. In addition, the intangible economy has provided the need for digital integration of key contracts such as disclosure agreements and non-competitive contracts [19]. Later, during the COVID-19 epidemic, there was an immediate adoption of new tools such as electronic signature applications aimed at enhancing operational technology and reducing paper costs andpen transactions [20]. During the pandemic alone, Adobe Sign (an e-signature platform) experienced an increased usage of 200% by the financial sector [21].

(ii). Valuation gap

A major feature of the epidemic is its unpredictability. This key attribute means that the major economic actors also respond in ways that are not captured in the calculations commonly used in estimates. Therefore, from the beginning of the epidemic, the biggest problem analysts faced was accurately predicting cash flows as the previous economy was not showing a short-term to medium term outlook. Besides, with various predictions about the emergence of the epidemic from world leaders, markets have acted improperly, and it has been difficult to create conditions.

Therefore, financial leaders should have focused on building different time models (18-48 months) in order to better understand the internal value of firms and add more flexibility to their models [22]. Revenue assessment costs and costs were also important in better defining short-term, mid-term and long-term performance [23]. In addition, estimates were made more difficult by government-sponsored loans such as Paycheck Protection Loans in the United States, as well as significant changes in tax law in response to the epidemic [24]. Therefore, in an rapidly evolving environment with no history to begin with, the task of analysts predicting cash flows and creating discount rates that could reflect the reality of firms required further diligence. As directed by the moderation director, Damodaran, in the context of this global crisis it was important to "return to the basics and be willing to live with uncertainty" [25].

(iv) **Due diligence**

The epidemic has highlighted shortcomings in supply chains, technological readiness, and corporate efficiency in dealing with external shocks. With all those obvious weaknesses, beneficiaries are forced to carefully complete all stages of M&A in order to have an accurate picture of the short-term and long-term impact of the epidemic on the performance and resilience of the target audience [24]. Buyers and marketers have also been forced to use highly sophisticated data analysis methods and advanced technologies to integrate the dynamic process into this visible and distant community. For example, "P&G has been able to make the vegetation visit visible while swimming, with consumers being able to ask questions of those conducting the tour" [26].

In addition, key control centers operating in demarcated areas have created additional barriers to the dynamic system. For example, "in mid-March, the Department of Justice announced that there would be a 30-day delay over the usual three to six months' active process to review the merits in your final stages," [5]. In addition to the long processes of financial and legal dynamics [27], this epidemic has presented unique challenges to the precise cultural viability of targeted companies — an important step in the proper integration of these targets into a profitable business. All virtual workplaces have introduced editing problemsunderstanding the organizational dynamic and corporate culture of the target firms; aspects that would, under normal circumstances, be assessed through site visits, employee interviews, and face-to-face interactions [28].

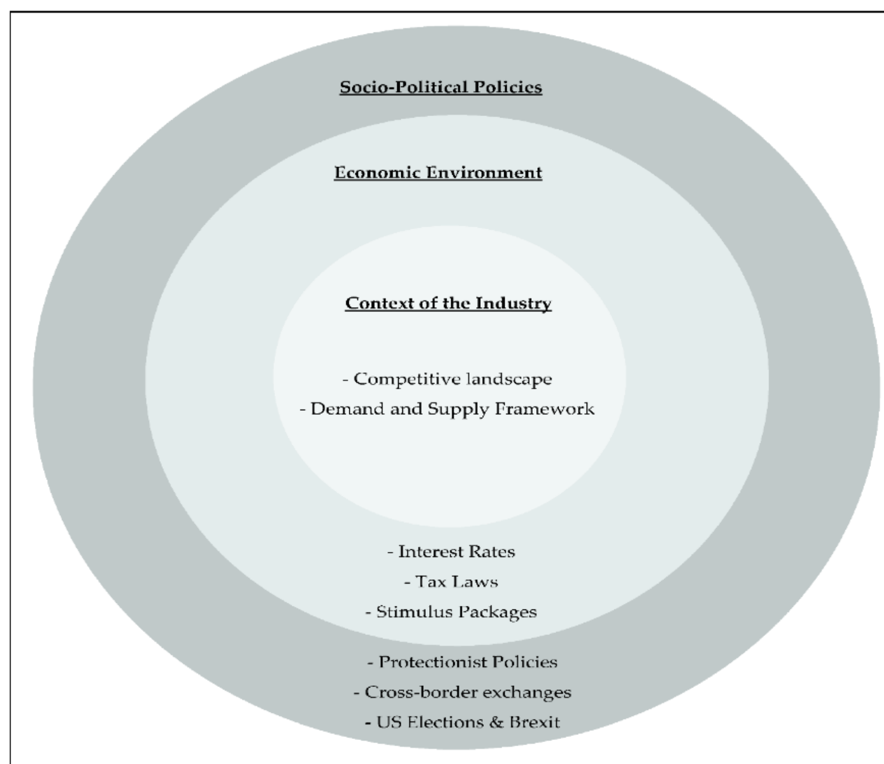
(v) **Payment methods**

The trend that emerges during the COVID-19 epidemic is to love stock purchases. Stock purchases allow beneficiaries and buyers to move forward with the deal through a focus on related values rather than trying to agree on a purchase price [29,30]. In addition, this strategy was particularly common among consumers working in industries affected by the epidemic and when funding was not forthcoming at the time of the downturn. In addition, amid growing economic uncertainty, stock purchases have allowed recipients to save their savings on rainy days. However, stock purchases increase tax breaks for recipients as opposed to increased tax credit purchases [31]. By conflicting estimates, target companies were more likely to negotiate

long-term and low interest rates [23]. It acquires the most sophisticated weapons the means to fix after the closing price such as profits based on achieving a particular financial record or benefits paid at a smooth rate [24]. As with the proper care procedure, the beneficiaries and the risk takers of consumers are reflected in the payment methods used.

4. Other Factors Encouraging M&A Activity Amidst the COVID-19 Pandemic

Inspired by the PESTLE framework created by Francis Aguilar in 1976, Figure 7 explores the microeconomic (internal) and macroeconomic (external) determinants that weigh on the ability and willingness of firms to pursue M&A transactions. As illustrated, there are microeconomic factors defined by a firm's capacity to complete M&A during the pandemic, which is characterized by its financial position, and its management team capacity. In terms of macroeconomic factors, there is the health and context of the industry, the overall economic environment, and the socio-political sphere in which the firm operates that encourage or discourage the pursuit of M&A.



4.1 Divestitures

In the short and medium term, we can expect an increase in the number of disbursements similar to other economic problems. As BCG's 2020 M&A report [32] shows; in the first 12 months of the epidemic, many companies viewed the inside or on the street as a way to increase debt capacity to maintain a decent working capacity. However, by 2021, for many of those companies that are still challenging, management will be able to back off as the market is ready for M&A.

In a study conducted by the M&A Leadership Council, 23% of respondents were considering disbursements to finance debt service or planning future strategic growth [33]. Therefore, the divestment may increase in volume gradually in the bust. “The deficit occurs because companies first try other ways to deal with the downturn, such as reducing costs, obtaining new funding, or exploring strategic options. Moreover, even when they turn to M&A, they need a few weeks to prepare to make a deal” [32].

4.2 Digitalization of M&A Activity

Prior to the epidemic most M&A processes relied heavily on physical performance and relationship building. Like all industries, the epidemic has forced financial leaders to devise strategies to end M&A transactions remotely, from initial implementation to signing an agreement. As more and more employees prefer mixed work schedules, the M&A process is seen as expanding its technical tools and capabilities to ensure seamless transformation. For example, additional virtual capabilities may need to be adopted in order to continue negotiations with due diligence in the virtual world, and robust internet security will need to be adopted to allow secure transfer of sensitive and forward data between all parties, especially vendors. , acquirers, buyers, and administrators. While some of the physical aspects of the M&A process may not be completely extinct, 4.0 industry developments in the sector are essential to keep pace with the rapid development of the global community..

4.3 Increased focus on scope

Prior to the epidemic, many companies had started 4.0 industries, some using new technological capabilities while others put forward some ongoing technological worries. The epidemic has highlighted the importance of technological resilience and cybersecurity in a mixed or completely remote area. In the long-term industry they will see industrial integration in relation to the technology industry. As noted by McKinsey research [34], one of the priorities for organizations is to ensure the appropriate digital transformation of their firm, as many still find that the changes made are not enough to survive for the next decade. Therefore, integration and acquisition are tools that companies will use to accelerate the acquisition of skills and knowledge, and to capture the breadth of their technical capabilities.

4.4 Cross-border M&A

In the medium term, we can expect a slight increase in the number of international encounters and acquisitions compared to the decline caused by COVID-19. The practice will be supported by the worldwide expansion of vaccines that allow for the reduction of travel restrictions, greater national stability with the Biden-Harris government, and Brexit now abolished in Europe. Organizations that are interested in strengthening their supply chain or who want to grow in emerging markets will seize the opportunities presented by high national stability and low interest markets to move abroad to maximize their company's operations [35].

In addition, lowering travel restrictions is undoubtedly an incentive for financial leaders who choose a certain level of physical exertion to enjoy the idea of a foreign exchange or consolidation. However, the growing number of protective governments around the world could put a strain on the regulatory environment and prevent the acquisition of borders. However, the

risks of a connected economy may encourage firms to pursue the cancellation of their jobs: companies may seek to tighten their local operations to avoid further suspension of their supply chain due to cross-border transport restrictions.4.5 Consolidation of industries

In the coming years, industries will be strengthened with M&A as firms look to create more efficient partnerships, reduce barriers to their supply chains, and / or secure market share. In 2017, “Six companies controlled almost the entire mixed media industry. Four airlines controlled 80% of the market. Five banks control 50% of the industry. Ten companies controlled most of the world's food supply ”[36]. Therefore, in large industries such as the technology and healthcare industries, greater integration is expected after the epidemic. For example, in the technology industry, we can expect the common integration of hardware and software companies, as well as a new wave of vertical integration where technology companies like FANGS will acquire companies or merge companies to create synergies with new technology-related information competitors.

5. Discussion and Recommendations

After a long speculation about the state of recovery, it is now clear (by 2021) that the M&A market has a V-shaped recovery despite the ongoing concern of the COVID-19 virus and its new variants. Compared to the 2008 recession where there was a financial crisis, by 2021 we can expect the M&A market to continue at this pace, as debt support and equity become more readily available and lower interest rates exist around the world.

The epidemic provided a glimpse of how private and public institutions and individuals will be called upon to work together in the physical world. C-suite executives have received a real check and are now aware of the changes needed to validate their business models in the future. Therefore, the thinking of pre-epidemic strategic firms will need to emerge in order to align with this growth trend reflected in the market. Firms can grow naturally by creatingof new products, a strong position in emerging markets, and / or increasing efficiency in production, or they can grow in an unhealthy way through M&A.

Therefore, companies that want to grow biologically M&A will need to move from a defensive strategy to a more aggressive approach to catch up with disruptions in their sector, but also other market opportunities that exist outside of their normal market position. Additionally, making non-traditional contracts will also be another way to capture great opportunities.

For example, co-operatives, partnerships, joint ventures, or Specific Companies Enterprises (SPAC) are alternatives that can be used to restructure businesses to grow. However, the post-epidemic business environment will require more than just strategic business finance agreements. Financial buyers are the ones who are most focused on short-term refunds, and strategic buyers are those who are interested in purchasing to perform synergies and long-term growth [24,37-39]. Whichever firms take, they should expect changes in legislation through changes in US governance and a growing number of protective governments around the world who want to support their citizens and SMEs in this economic downturn. A more vigilant forward will protect companies from unforeseen financial or operational consequences that could jeopardize the deal [40].

We must not forget the social upheaval in 2020 against all social inequality, injustice, and their need for a sustainable and equitable future. Therefore, with regard to M&A it is important to take the environmental, social, and governance (ESG) seriously forward. The deep cultural, physical, and emotional trauma left by the epidemic has forced consumers to consider the moral, social, and environmental impact of their decision-making decisions [41]. A study conducted by Gomes [42] prior to the epidemic has already concluded that a strong social organization commitment was essential to the targeted selection of M&A. We can therefore assume that in the aftermath of this epidemic, as social, environmental, and governance levels begin to emerge, buyers and sellers will have to be more diligent about who they work with and what challenges they may face.

Although there is currently light at the end of the tunnel with the release of vaccines, companies should look at deals with caution. Deals tend to grow exponentially but it is equally important to invest in their core business to protect their firms from similar future pitfalls, namely, to strengthen their supply chain and cash flow cycles at all levels of their firms.

Finally, as everyone embraces the digital world, people on all sides of the treaty table must embrace innovation and technology while minimizing the future online security risks involved in integrating technology into the banner process. Physical contact will still be important in closing deals; however, the technology will create huge bridges that will reduce many profits over time, production, and building relationships with retailers.

6. Conclusions

By 2021, there is a wave of optimism in the M&A space. With the changing importance of firms in response to social evolution, M&A can support evolving business strategies to promote corporate growth and scope in the short and medium term. With more debt and equity funding, the existing retailer market will become stronger. The addition of new clauses that cause external shock, an increase in the number of emerging children who want to sell their firms to avoid high tax rates, and the need to capture technological disruptions across all sectors will benefit the M&A market. thrive in 2021 and beyond.

However, in the short and medium term, it is important for consumers, retailers, and even bank investors to build resilience to the same external threats as the COVID-19 virus. Most importantly, the lesson learned from the epidemic is that organizations will no longer be able to put technological changes in the back-hot machine; rather, it should be one of their priorities. Most importantly, the M&A sector had to raise awareness about law enforcement analysis and ESG considerations.

Unfortunately, with the following waves of COVID-19 still having an impact on countries of various sizes, research does not fully comprehend the extent of the epidemic impact in the M&A industry. While research is trying to capture the emerging trends from the beginning of the epidemic, there is still room for statistical analysis and quality to assess the long-term impact of this unusual event in global M&A. It would be exciting to continue to analyze how hard-hit industries rebuild and how M&A will help shape their medium and long-term goals. Looking at the changing world, it would also be interesting to see how the M&A market is becoming more and more sophisticated and more secure institutions.

Finally, with the impetus given to digital transformation, it may be equally important to examine the challenges of the M&A sector in terms of adaptability, efficiency, and technological risks. Over the next decade, it is clear that the M&A processes and strategies used will change to match the 4.0 community**.**

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CHAPTER-8

Influencer Marketing is an Emergent Trend in Digital Marketing to Influence Consumer Purchase Journey

***Sonalika Singh Bhadoria**

&

****Shahab Ud Din**

Abstract

With the magnificent growth of technology and proliferation of social networking sites as a significant digital marketing tool, the opportunities are increasing for both common people and businesses. SMIs or social media influencer marketing is one of the recent trends in the category of digital marketing techniques. These influencers are the common people who are popular on social media platforms for the personality they carry, the lifestyle that they share on social media, and the content which they curate by posting blogs and vlogs. The marketing managers had recognized these trends and started collaborating with these influencers as these SMIs are very famous among common people and also have their credibility and trust among them. The marketer's leverage this fame and trust feature of these SMIs as these influencers affect the buying decisions of the consumers. This chapter discusses the conceptual framework and role of Influencer Marketing as an emergent digital marketing trend that influences consumer purchase journey.

Keywords: Influencer Marketing, Digital Marketing, Consumer Purchase Decision, SMI (Social Media Influencer), Consumer Behaviour, Consumer Buying Behaviour.

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I: Introduction

The conventional public relations and product promotion were operated via news media and ads on television, radio, and in print, newspapers are now no longer enough on building awareness and attracting sales drive. Brands all over the world are very well aware of the popularity of social media and people's perception of social media activities. The brands have optimized and capitalized on the use of their social networking sites, such as Twitter, Metaverse, and Instagram (Statista, 2017). The contemporary marketing operators are required to create their digital identity to establish unwavering relationships with their targeted consumers (Papasolomou and Melanthiou, 2012). Social media is the most effective and fastest emergent tool to construct digital relationships via making use of Social Media Influencers (SMIs), who are local common people with a large number of followers on their social media platform in which they share text, audio, image, and video posts related to a wide range of topics of their self-interest, which build

up their online personality which influences the people of similar interest (Freberg et al., 2011; Senft, 2008; Tan, 2017).

Social media influencer marketing has come up as a significant marketing communications tool as it helps in building an engagement with a large number of both local and global potential buyers in a short span of time with minimal cost than conventional advertising (Evans et al., 2017). These influencers who are popularly known as bloggers, vloggers, YouTubers, and Instagrammers discreetly curate their content in which they give key focus on developing intimacy that endears and engage them to their followers (Marwick, 2013; Senft, 2008).

These influencers generally post the highlighted and fancy side of their lives which covers varieties of range like the fashion they carry, the lifestyle they follow, their traveling life and even their pets and children wear, to their kitchen, to diet and health, to the furniture, and every other viral digital topic (Abidin, 2013; Niederhoffer et al., 2007; Wissinger, 2015). The companies are taking maximum leverage of such influencers to promote their products and services directly from the people who appear to be just like everyone else but had the potential to generate a sales drive. (Audrezet et al., 2018). The traditional celebrity endorsers create their influence via conventional channels, such as tv, radio, and print magazines, and such types of advertising making include writers, TV personalities, film stars, and sports icons. And on the other hand, contemporary digital advertising includes famous internet bloggers, vloggers, and celebrities who have gained stardom via social media platforms (Lee, 2018). This emergent tool of social media has built the bridge of communication between marketers and their potential consumers where they connect directly individually with each other.

II: Literature Review

The Social Media Influencer marketing previous article has profoundly focused on the inflectional value model of influencer marketing that explicates the strength of social media influencers based on the online and offline behaviors of their followers Li et al'.s (2010). The study of Booth and Matic (2011) designed an algorithm of social media influencers' that considers posting frequency, viewers per month, and viewer engagement. While the Roelens et al. (2015) study identifies SMIs by examining their potential to successfully refer a product to the consumer.

Another study investigates the influencer-follower parasocial connection and interaction – a relationship between viewers and an influencer in which the viewer forms a strong intimate feeling with the influencer that leads to a conventional relationship (Dibble et al., 2016). Yet, Sokolova and Kefi (2020) conclude in their study that the influencer-follower relationship is not like a conventional parasocial interaction as it is not one-directional as followers now directly message to the influencers who give a response at the personal level. This bi-directional interaction helps in establishing a stronger connection between influencer-follower which a0ffect buying decisions of followers for the products promoted by influencers. The SMIs switch between four avenues of displaying/non-displaying passion for a product and disclosing/non-disclosing products as sponsored (Audrezet et al., 2018).

The qualitative study has also identified differences between conventional celebrities and SMIs, these SMIs are sometimes micro-celebrities (Marwick, 2013, 2015; Senft, 2008). Marwick (2013, 2015) has found out that SMIs take maximum advantage of social media tools to gain attention, popularity, and establish intimacy with their followers by their emotional content and giving direct responses; and this connection, in turn, make the followers view the SMIs content

as more reliable and trustworthy than conventional media, and it has lead influencers having more potential niche groups of followers than traditional celebrities. These groups of followers are easy to convert into customers and brand advocates.

Several SMI studies have identified how public relations professionals take maximum leverage of influencer-follower relationships to connect with their potential consumers. The study of Uzunoglu and Kip's (2014) introduced six bases for a profit-making relationship: close similarity and compatibility between the social media influencer's content and brand's product and services, the kind of content posted by an influencer, the voice tone of an influencer, the number of followers an influencer has, the influencer's reliability, and the popularity of an influencer among followers.

Some of the other researchers examined SMIs' popularity as the most significant factor which assists the brands to successfully promote their products and services (Quercia et al., 2011; Romero et al., 2011). De Veirman et al. (2017) found that many social media influencers accounts had many followers but few followers which in turn may damage an influencer's popularity as it makes them seem less authentic and trustworthy and creates a notion in mind of viewers that they may have purchased followers and also sharing too many posts of commercial collaborations may create an unlikeable feeling. This much dissociation between the number of followers and following reflects into participants' perceptions and products recommendation on such accounts are undesirable and unreliable and also followers of such accounts are not unique.

Hall (2015) described SMIs as 'micro-endorsers'. These social media endorsers are made used at a micro level; the organization spends small amounts of money on such endorsers who are useful in targeting a specific segment of audiences, rather than spending a heavy amount of money on celebrities who are having large audience appeal.

III: Objective Heading

1. To study the conceptual framework of SMIs and their growth as an Influencer marketing.
2. To discuss the role of SMIs in Influencing Consumer Purchase Journey.

IV: SMIs - Social Media Influencers

SMIs are the virtual personalities or internet sensations that are popular on social media platforms. These micro-celebrities exhibit opinion leadership by building and spreading eWOM for the brands and products in order to influence consumers' attitudes and purchasing decisions (Casaló et al ., 2020a). The SMIs are the third-party stakeholders and significant intermediaries (Kazadi, Lievens, & Mahr, 2016) between the brands and consumers in contemporary omnichannel marketing (Audrezet et al., 2020). They collaborate with the brands and their marketing activities and co-create and communicate the value of the products to the consumers (Enke & Borchers, 2019).

The SMIs are different from ordinary opinion leaders (Casaló et al., 2020a), as they can establish a larger network of followers and develop high quality of dynamic and intimate connections with their followers (Sundermann & Raabe, 2019). These virtual influencers also built their status and reputation by gaining expertise in specific domains and attaining their fame and popularity as 'microcelebrities' (Gaenssle & Budzinski, 2021).

The SMIs get their motivations to generate and mushrooming eWOM by personally communicating and developing relationships with their followers, by doing personal branding,

and by monetizing their content and activities, by their fame, and also by their power of influencing a larger glocal audience, and by acting as advocates of the brands and also behave like their spokespersons (Reinikainen, Munnukka, Maity, & Luoma-aho, 2020; Campbell & Farrell, 2020).

SMIs are different from conventional celebrities as these influencers are the common people who are just like everyone else and they don't keep themselves at a distance from their followers like mainstream celebrities do (Jerslev, 2016). Consumers consider SMIs as more accessible, reliable, and personal to them (Schouten, Janssen, & Verspaget, 2020). Consumers regard SMIs as more trustworthy and authentic than celebrities (De Veirman, Cauberghe, & Hudders, 2017). The research says that social media influencers have a more significant impact on millennial consumers' purchase behavior than celebrities (Djafarova & Rushworth, 2017).

V: Influencer Marketing- the New Trend in Digital Marketing

The collaboration of brands with influencers has shown positive and profitable implications on the brand's image and sales drives, the influencers have observed this as an opportunity for them and they boldly express their monetary expectations to the brands (Archer and Harrigan, 2016). This kind of communication between influencers-followers and influencers-brand has effectively contributed to public relations which was conventionally a major critical and uncertain marketing activity. The SMI marketing tool is a combination of conventional public relations which operates to manage image via non-paid, positive outreach and building awareness while practicing other marketing operations, which establish relationships via paid advertisements (Harris, 1993; Papasolomou and Melanthiou, 2012). SMI marketing requires cooperation between public relations and marketing professionals within the business (Ikonen et al., 2017).

Further, Archer and Harrigan's (2016) in their 3-year ethnography of bloggers with public relations partnerships found that brands are becoming more accustomed to paying influencers. The formalization of the involvement of money and payment expectations on both sides had made partnerships less about establishing connections and more about transactional. The MPR (Marketing Public Relations) professionals exercise more control over the influencer's content because it mirrored paying for conventional advertising.

VI: SMIs and their Role in Consumers' Purchase Journey

The globalized contemporary marketing professionals had started using social media decades back for all their marketing activities and for building effective public relations, marketing is a dynamic function of an organization that has to be always upfront and adaptive for all the opportunities and changes happening in the global technology. Businesses make use of all the recent trends in social media to attract more and more potential consumers. The SMIs had now taken over social media by their curative content which they create with the help of images, videos, and content writing.

The SMIs make optimum use of all the social media tools and other image and video editing tools to posts their content, their digital personalities and content play a significant role in influencing the consumers' behavior and their purchase journey. These influencers are the local common people who are now getting recognition globally because of their thoughts, attitudes, opinion, and specific talent and knowledge. These influencers establish engagement on their posts and create e-WOM which all together develops trust and helps consumers in their overall;

purchase journey started from pre-purchase to post-purchase experience and leads consumers as brands advocates.

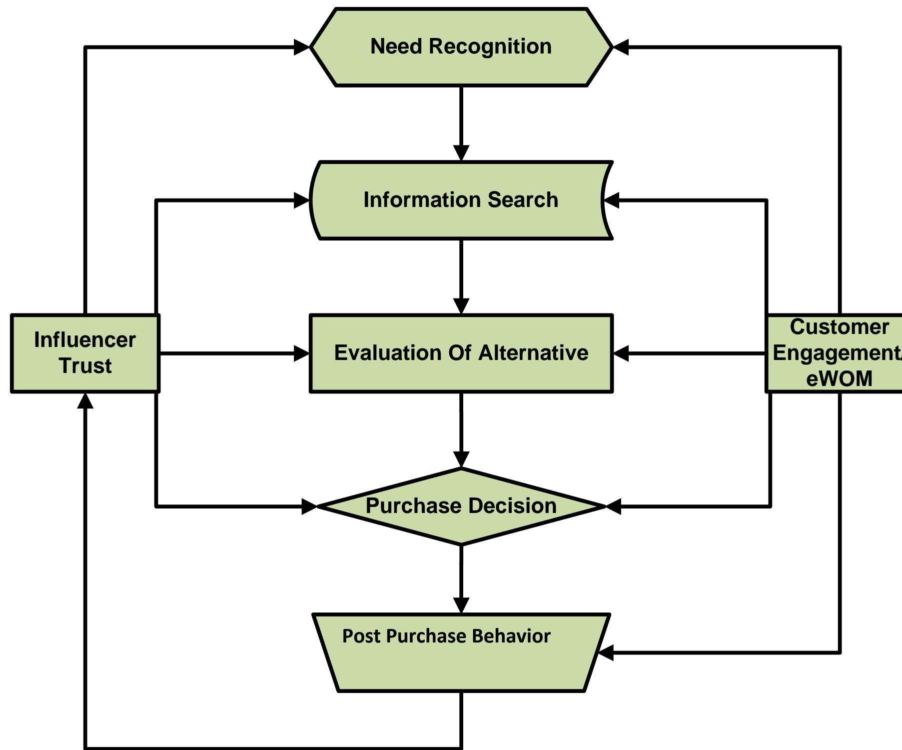

Fig-1: Conceptual framework for the role of SMIs on consumers' purchase journey. (Self-created by the author)

- ***Need recognition stage-*** In this stage, the SMIs develops an urge and desire in the mind of consumers for the specific brand and product by posting their unique content whit the help of images, videos and even they put the content in which they are showcasing the brand and product and even share posts in which they are demonstrating the product on themselves. Nowadays, short videos are in trend which is of only 15 to 60 seconds such as Instagram Reels, YouTube Shorts, and Metaverse short videos. These attractive and informative content coming from a SMIs who is among one of us are highly influential and seems trustworthy to the potential consumers. In this stage, the influencer tries to engage the potential segment of the group by educating them about the brand and product.

- ***Information search-***In this stage, the consumer starts doing her research and tries to gather all the possible information regarding the product and its brand, for this purpose she search for the products and brand on different social media platforms where these SMIs have already posted and shared huge information along with the demonstration of the product and also its comparison with the other brands and products with the help of their blogs and vlogs. In this stage, the influencers' only motive is to develop trust in the minds of consumers in which positive e-WOM plays a significant role.

- ***Evaluation of alternative-*** In this stage, SMIs provide information about all the best possible alternatives of the products to their followers and also make sure that they don't look biased in their content. They also mention if they are doing paid collaboration or promotion with brands. The consumer after evaluating all the alternatives goes with the suggestions or choices of the influencer because of the credibility and likeness. The consumer also evaluates the likes and comments in this stage which helps in shaping consumers' perception and attitude towards influencers and their content.

- ***Purchase decision-***Atthis stage, the consumer goes with the choice and suggestions of their favorite influencer as she got influenced by the content and personality of the influencer, and last she purchase the product from the specific brand which was posted recommended by the influencer follows on social media.

- ***Post-purchase behavior-*** After purchasing the product from the recommended brand by the influencer the consumer post it on their social media account and tag and share the same with the brand and influencer, and here to develop more engagement and close long-term relation the specific influencer and brand re-post the post of the consumer's post and also tag and feature them on their social media accounts. The consumers also share their experience by giving reviews and writing comments which develop and generate engagement.

Conclusion

The marketers can leverage these emergent trends of digital marketing to generate maximum sales drives as it is cost-effective and more efficient when they have to target specific product-based segments. These influencers are growing ***"from local to glocal'***, this means that these local SMIs are getting popularity at the global level and marketing managers can use this opportunity to promote their product globally and also expand their sales drive just by collaborating with these influencers. These social media influencers are very much influential on the internet and they have larger outreach, it is evident after studying so many research papers that these social media influencers, YouTubers, and digital micro-celebrities play a significant role in the contemporary consumer buying journey which is only a day-dream without digital marketing.

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CHAPTER-9

Digitalization of Human Resource Function: A Comparative Study of Private and Public Sector Life Insurance Companies

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&
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Abstract

In private as well as public organizations are using digital tools in recent years. Functions of HRM also had got impacted by digitalization. Digitalization has become very important for the functions of HR to make their work simple, economic, and fast. Factors such as technological people and organizational tools are necessary for successfully implementing new digital tools in the functions of HRM in an organization. The term "Insurtech" is used to define new technologies that have the potential to be innovative in the insurance industry as well as have the potential to influence regulatory practices in the market of insurance. The key driver of change in the insurance sector is the innovation through digital tools and it has also led to infinite efficiency gains, even though all such transformations can have uncertainty and doubts. Digitalization can be noticed in almost every sector and the insurance sector is no exception to such development and has the possibility of new methods and greater opportunities. A sample of 190 people from Life Insurance Company was surveyed to know how digitalization of Human resource functions is beneficial for life insurance companies of private and public sector. The study concludes that there is a significant difference between the level of implementation of digitalization between public and private sector life insurance companies.

Keywords: *e-HRM, insurance companies, digitalization HRM, Digital transformation*

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Introduction

With the advancement in technologies, society has undergone a rapid and intellectual transformation in recent decades, the technology advancement has spread into almost every sector. Because of this technological transformation, the current period is known as the "digital era." In present times, the challenges that are been brought by digitalization have needed some changes in the model of human resource management (HRM). How human resource interacts with data and information has changed by implementing new technologies. By using digital technologies many processes and functions of human resources like the process of recruiting and selecting, performance management, and planning, and changed profoundly and reformed as well as improved the services that are offered to the stakeholders. In the past, the relevant information was kept in a paper document by human resources, but with the advancement of digital technology and the human resource information system, the work of human resource functions have been simplified and the technology has simplified the management of data and has saved lot

of time of Human resource system giving them more time to plan their HR activities. Highlighting the influence that is made by digitalization in the management of human resources also highlights various challenges that come along with its benefits(**Strohmeier and**

Parry (2014).
In the 21st century, digital transformation or digitalization has become a major trend in the market. Transformation of the society at various levels has been brought by digitalization and it also has various implications for the managers of human resource management as well as on the organization. To remain competitive, organizations must be ready to adopt new technologies. Digitalization has become important for organizations and it has become a requiredtransformation by which organizations cannot escape **(Das and Sureshkrishna (2019)**.
Leverage has been provided by the Information and Communication Technology (ICT) to reconfigure the fundamental services that are being provided by the human resource functions not just with regards to the range of activities that are automated, but also in the point-of-access for the internal stakeholders. Many dynamic organizations are well-equipped with various latest instruments that help them in the delivery of human resource services. It is known that applying tools of e-HRM at a different level of growth and application of all the tools are not fully utilized. To get the maximum benefit from e-HRM, there is a need for the organization's to implant tools that are relevant for them and along with that give information, awareness, as well as training to the employees who do not have any digital knowledge or do not have trust to use these instruments. At the corporate level in many of the organizations these tools are very functional, however, the application is very limited at a certain level. In the same way, applying all such tools is limited to the employees of a certain level or to those who are higher in the spectrum and there is a scarcity of the collateral effect. The facts are available that organizations in the public sector are stragglers in applying various tools of e-HRM as compared to the organizations of the private sector and there is a need for these organizations to take more initiatives to harness the advantages of e-HRM. Awareness programs need to be conducted by the HR personnel and more workshops along with seminars for their staff members and line managers to make e-HRM successful. One of the biggest encouragement for the employees to adopt e-HRM tools would be by providing them a link to select and track their path of career **(Sinha & Mishra, 2014).**

Literature Review

Prakash, Krishna & Mores (2019)stated about the automation of computers in the present time has pushed all the chief organizations to make all departments more digitalized. All sectors worldwide have started adopting digitalization for the craziest disposal of their services. The HR department must urgently need to link up with the digitalization for instant solutions of their problems. As there is e-HRM available, there is a requirement to refer ICT by the recruiters in an organization. The system of e-HRM refines the system of e-recruitment and e-learning

Milon (2019)explained that the application of e-HRM in the life insurance companies is not up to the level of satisfaction as it has some limitations like absenteeism of employees, turnover rate, training facilities are inadequate, poor tools of motivation, poor welfare facilities, unavailability of a performance rating system, etc. There is a need for the organizations to arrange good facilities of training for their employees. It would have life insurance companies have positive motivation, leadership, good facilities related to welfare for human resources.

Fayyazi&Afshar (2014)found that the usage of the internet in the recruitment process in organizations has been rising in the past few decades. The outcome of the study that is conducted by the researcher found that in many organizations are strong and some are performing poorly. The study found that one of the most successful e-commerce applications is the e-recruitment and is applied as a method to reach a large pool of people in shortest time, it helps in hiring qualified candidates and in building relationships with prospective employees.

Raghavendra, Priyanka&Chaithanya (2018) revealed that the system of e0recruitment is very convenient and helpful for many of the organizations who have already adopted the technology. The purpose of this study was to identify the benefits of e-recruitment. The study found that recruitment is not about just hiring people, it is about hiring the right candidate for the right organization. E recruitment system has many benefits for those who are looking for the job as well as for the recruiter also. E-recruitment is cost-saving, time-saving, and the quickest way to hire candidates for the organization. In the present time, many large as well as small organizations have adopted the technology and are enjoying its benefits. It is dependent upon the technology, and internet connection.

Eckert & Osterrieder (2020)found that with the adoption of digitalization, the employees of insurance companies can develop customer-centric products and tailored underwriting as well as pricing. Digitalization has allowed the development of the holistic platform of insurance companies by amalgamating prevention, digital consultancy, computing of claims, and predicting risks. This digital platform has increased the relevance of the business models of insurance companies. Digitalization brings opportunities along with challenges, particularly for the Information Technology department as they are the basecoordinators as well as a preventer.

Chandan (2017)stated that the private, as well as public life insurance companies, have their human resource departments that have the responsibility to prepare training and development programs for sales forces. Life insurance organizations provide training to their employees by giving them study material and market updates. It is suggested that after the adoption of digitalization, they would be able to provide more effective training and teach them techniques that would be helpful for their sales practices. A significant difference was observed in the training system of private and public insurance companies.

Wozniak (2014) explained that e-recruitment is the fastest developing thing after digitalization in human resource management. To define e-recruitment more perfectly is not simply looking at the usage of the internet to be its distinctive feature. Making contact with the candidates by using the internet is not the only feature of the transformed type of recruitment. Just like e-learning cannot be incorporated by just sending emails for a training session, similarly, e-recruitment is not incorporated by sending emails for job interviews or rejection of applications.

Mohammed (2019)revealed that it is human capital on which the success of an organization depends, and recruitment that is done by the department of human resources is very important to generate human capital for the organization. The traditional method of recruiting people that was paper based has now been reacquired to some level through e-recruitment system in the majority of the companies by the application of technology and internet. The success of an organization is dependent upon the skills, talents, experience, and intellectual capital of their employees along with the effective recruitment that is being done by the human resource department giving rise to

the generation of the intellectual capital of the organization. In an e-recruitment system, the resumes of candidates are scanned through the technology and it is favorable for the HR department in the process of hiring as well as for the job seekers. E-recruitment helps job seekers in submitting their resume to different recruiters from various locations as well as allow them to store information. Organizations adopting e-recruitment increases the connectivity between organizations, managers, and the outcome in a transformation of the organization.

Rani, Raman, & Kumar (2019)stated that this study was conducted to identify the practices of HRM in both public as well as in life insurance companies of the private sector. Five factors of HRM practices are been found in the study that is Recruiting and Selecting, Compensating and Rewarding, Performance appraisals, Training& Development, and Teamwork. In a study, it is found that public insurance companies have good HRM practices in comparison to the private life insurance companies. The research work found that most of the workers are happy with the functions of HRM department in public insurance companies. The work observed significant difference in HRM practices of public and private insurance companies on the dimensions like Recruiting and Selecting, Compensating and Rewarding, Performance appraisals, Training & Development, and Teamwork.

Nikhade (2017)explained that the human resources management plays a very importantpart in making organization successful. The people who operate an organization are the people from human resources. Human resource department is the one who deals with the people and their issues that are associated with the hiring process, compensation, trainings, and performance management. Thus, human resource management is important for the organization. It is human resources on which the efficient management of finance and market depends upon. Therefore, there is always a need of effective practices of HRM regardless of the size and nature of the organization. The goal of HRM practices is to achieve the aims of the organization as well as ensuring effective utilization of the services. Human resource management acquires significance in an organization as the success of any organization is dependent on the quality of its human resources.

Patel & Dhal (2017)stated that the as the technology evolved it has developed and boosted up the e-HRM and has proved its forte. The word e-HRM has come up as the involvement into the activities of Human resources in an organization. It is also obvious that the tools and instruments of e-HRM reduces the manual labor in the management of files and paper work. Applying e-HRM practices and its usage is bias free. The e-HRM practices takes the stairs of organizational development on heights without any doubt. So the climate of the organization with its ambiance as well as culture falls in place smoothly when the atmosphere of development of organization as well as sole. New and latest strategies need to be implemented to bring new ideas, innovation and creativity to prevail the practices of e-HRM in organizations.

Islam (2016)stated that now a days, human resources have big prospects and very important for the organizations. Technology and systems are great instruments that helps to enable the life easy and assists in managing people in the organization. At this age of global transformation from manual into technology, the functions of human resource management is a vital key for the success of the organization and needs to be addressed for the adoption of technology. The study found a significant difference between the private and public companies and it is found that private organizations are at better position. E-HRM is a latest and interesting topic to study and for the organizations to adopt. In comparison to private companies, public companies need to

take more initiative and adopt the technology for the betterment of their human resource management department.

Objective of the study

1. To know how digitalization of Human resource functions is beneficial for life insurance companies of private and public sector.
2. To know the difference in Level of Implementation of Digitalization of Human Resource Function in public and private sector life insurance companies.

Research Methodology

A sample of 190 people from Life Insurance Company was surveyed to know how digitalization of Human resource functions is beneficial for life insurance companies of private and public sector. The study is comparative in nature and the primary data for the study is collected through random sampling with the help of a questionnaire particularly designed for present study. Comparative mean and independent sample t-test was applied to analyze the data and get the appropriate results.

Result and Discussion

Table 1 is demonstrating general profile of the respondents which show that total 190 people were surveyed in which 54.2% are male and 45.8% are female. Among them 41.6% are from the age group of 34-40 yrs, 42.6% from 40-45 yrs and rest 15.8% are above 45 yrs of age group. 50% of the respondents are from private life insurance company and 50% are from life insurance Company of public sector. 33.2% of the respondents are working as HR Directors, 37.4% as Recruiting managers and rest 29.5% are working as HR information specialist in Human Resource department of their respective companies.

Table 1 "General profile of the respondents"

Variables	Respondents	%age
Gender		
Males	103	54.2
Females	87	45.8
Total	**190**	**100**
Age		
34-40 yrs	79	41.6
40-45 yrs	81	42.6
Above 45 yrs	30	15.8
Total	**190**	**100**
Type of company		
Private	95	50.0
Public	95	50.0
Total	**190**	**100**
Designation		
HR Director	63	33.2
Recruiting Manager	71	37.4
HR information specialist	56	29.5
Total	**190**	**100**

Table 2 Digitalization of Human Resource Function

Sr. NO	Digitalization of Human Resource Function	Life Insurance Companies	
		Private	Public
1.	Digitalization helps HR to make their work simple and fast	4.39	3.60
2.	Digitalization reduces manual efforts in companies	4.65	3.49
3.	Digitalization reduces paper work of organization	4.79	3.71
4.	Digitalization keep the client's information safe for longer time	4.31	3.24
5.	Digitalization manages all the functions of human resource more effectively and efficiently	3.69	3.11
6.	Digitalization makes the process of hiring and talent recognition smooth	4.27	3.29
7.	Digitalization helps in managing the records of the clients in much organized way	4.23	3.23
8.	Digitalization increases the connectivity between organizations, their employees and clients	4.32	3.11
9.	Digitalization helps HRM to provide more effective training to employees for their sales practices	4.53	3.97
10.	Digital platform increases the relevance of the business models of insurance companies	4.11	3.66

Table 2 is comparing the mean values for level of implementation of digitalization of Human Resource Function in life insurance companies of private and public sector. It is observed that the implementation of digitalization is more in private sector companies as it reduces paper work of organization with mean value 4.79 as compared to Public Sector Company with mean value 3.71. Similar results are shown by private sector which says that Digitalization reduces manual efforts in companies showing higher mean value 4.65 as compared to public sector (3.49). Digitalization helps HRM to provide more effective training to employees for their sales practices showing mean values 4.53 and 3.97 in private and public companies respectively. The private companies say that Digitalization helps HR to make their work simple and fast with mean value 4.39 as compared to public (3.60). The private company shows higher mean value as they say that Digitalization keep the client's information safe for longer time (4.31) as compared to public (3.24) and Digitalization increases the connectivity between organizations, their employees and clients with mean value 4.32 and 3.11 for private and public sector companies. Higher mean values are shown by the company of private sector as they accept that Digitalization makes the process of hiring and talent recognition smooth 4.27 as compared to public sector 3.29 and similar results are shown by private sector for Digitalization helps in managing the records of the clients in much organized way 4.23 and public sector companies 3.23. Further Independent Sample t-test was applied to know the difference Level of Implementation of Digitalization of Human Resource Function in public and private sector life insurance companies.

Table 3 Independent Sample t-test

SI. No.	Implementation of Digitalization of Human Resource Function	df	t value	Sig.
1.	Digitalization helps HR to make their work simple and fast	188	3.63	0.00
2.	Digitalization reduces manual efforts in companies	188	5.35	0.00
3.	Digitalization reduces paper work of organization	188	4.85	0.00
4.	Digitalization keep the client's information safe for longer time	188	5.40	0.00
5.	Digitalization manages all the functions of human resource more effectively and efficiently	188	2.77	0.01
6.	Digitalization makes the process of hiring and talent recognition smooth	188	4.94	0.00
7.	Digitalization helps in managing the records of the clients in much organized way	188	4.56	0.00
8.	Digitalization increases the connectivity between organizations, their employees and clients	188	5.20	0.00
9.	Digitalization helps HRM to provide more effective training to employees for their sales practices	188	2.49	0.01
10.	Digital platform increases the relevance of the business models of insurance companies	188	2.83	0.00

Table 3 is showing independent sample t-test to know the difference in Level of Implementation of Digitalization of Human Resource Function in public and private sector life insurance companies. It was from the table that the value in the significance column for all the statements is significant (below 0.05). Hence, there is a significant difference between the level of implementation of digitalization between public and private sector life insurance companies.

Conclusion Suggestions and Recommendation

The outcome of the study shows that the adoption of technology and the digitalization of Human resource functions are proved to be beneficial for the organization as it manages all the functions of human resource more effectively and efficiently such as hiring, rewards and recognition. Compensation, issues of employees etc. are handled more effectively after the digitalization. Implementing digitalization helps in making the organization successful as digitalization make the work easy, simple and fast, it also reduces manual efforts. Digitalization reduces paper work and keeps the information safe for longer time. Digitalization of the human resource functions is totally dependent upon the internet and network. T-test has been done to find out the outcome of the research, all the statements are found to be significant as the significant values for all statements is less than 0.05.

The study concludes that the implementation of digitalization of Human Resource Function is more in Life Insurance Companies of private sector as it helps HR to make their work simple and fast, reduces manual efforts in companies, reduces paper work of organization, helps HRM to provide more effective training to employees for their sales practices and makes the process of hiring and talent recognition smooth. It is also found that there is a significant difference between the level of implementation of digitalization between public and private sector life insurance companies.

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CHAPTER-10

Public Sector in India and Policy Shifts During 1990'

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Introduction

PSUs have risen to the top of the economy and have been at the forefront of the industrialization process, supplying infrastructure, steel, and capital goods that are critical in a quickly changing economy. The public sector is the bedrock upon which contemporary India has been constructed. The motto of the 1950s, 1960s, and 1970s was self-reliance in major infrastructure sectors, which helped establish outstanding capacity in petroleum, power, steel, fertilisers, railways, and road networks. The private sector was free to provide other goods and services while public investment took care of long-term, capital- intensive infrastructure. Despite the fact that PSUs were created as commercial organisations, many of them operated in a distorted market environment. A handful of them, particularly those providing critical infrastructure services, were monopolies in their respective fields. A total of about 19 lakh people are employed in roughly 240 central public sector firms; 161 of these enterprises are in the manufacturing sector, while 75 are in the service industry, which includes the financial sector. Four PSUs are involved in the building industry. Despite crippling regulations, inconsistencies, and the looming danger of privatization, a number of public sector firms have emerged as shining beacons of brilliance. The public sector oil, telecommunications, and power businesses have performed admirably and made profits. The combined resources of all central PSUs are estimated to be Rs. 60,349 crores in Budget 2000, with Rs. 35,240 crores coming from their own resources (Frontline, March 31, 2000: 119-120). These PSUs have contributed significantly to the national budget and overall economic development. Several specialists in industrialized countries (including the United Kingdom, France, Germany, and the United States of America) who have seen the negative impacts of inefficient and shortsighted private sector management support the strategy of promoting the public sector. For more than five decades, the public sector has served as the engine of economic growth in a safe environment. Several PSUs, on the other hand, have learned to compete in a competitive market. However, aggregate data on central PSU performance shows that, while there were 134 profit-making central PSUs in 1997-98, there were also 100 loss-making central PSUs (Frontline, March 31, 2000: 124). India's public sector firms have risen at a breakneck pace. There are several compelling reasons to support the public sector. The expansion of the public sector has aided in the development of infrastructure and the diversification of the industrial base. The performance of public sector firms, on the other hand, has deteriorated. This has caused policymakers to be very concerned. The Indian government is working hard to improve the performance of public sector firms by enacting numerous reforms.

PSU Policy Initiatives

Since independence, India has pursued a "mixed" economic growth model, as opposed to the "free" (capitalistic) and "controlled" (socialistic) types of development seen elsewhere in the global industrialised. The Government of India's Policy Resolution of 1948 called for the government to take a more active role in the development of industries. As a result, the private sector was excluded from certain sectors. By 1954, mixed-economy socialist thought had morphed into a socialist social structure. As a result, it was decided that fundamental and strategic services should be provided by the government, as well as other critical industries that require large-scale investment that only the government can offer. It also said that the private sector will be subject to control and regulation under the Industries (Development and Regulation) Act in order to conform to the state's social and economic policies. As a result, the foundations of an economic system were established for a largely dependent sector. However, even after two decades, the public sector's performance has not shown the predicted positive rate of growth. By 1970, the public sector's usefulness in India was being questioned.

The Janta Party Government's industrial policy was proclaimed on December 23, 1977, as a result of a political shift in ideology, and it recognized the challenges of unemployment, rural-urban inequities, and low national income growth. It was thought that the public sector would not only create critical and strategic items of a fundamental kind, but also serve as an effective statutory force for preserving essential supply. It was given the task of encouraging the purchase of critical supplies. It was tasked with promoting the creation of a diverse variety of ancillary industries and assisting to the rise of decentralized production by making its technology and management available to small village and cottage industries. As the government fell apart and the Congress Party retook power in 1980, the impact of this programme was hard to observe. As a result, on July 23, 1980, another Industrial Policy Resolution was announced. The job of creating economic infrastructure was delegated to the public sector in this resolution. The Government of India unveiled a new Industrial Policy on May 31, 1990, in which the role of public sector firms was attempted to be modified. Private businesses were given permission to produce steel. Power generation has recently been made available to the commercial sector. The role of the state in the Indian economy has shrunk as a result of liberalization and deregulation. All of this is done to instil a spirit of competitiveness in government-owned businesses.

Reasons for Poor Performance

The performance of India's public sector firms was bad. Singh (1997) assessed the situation of the Indian public sector. There are no clear, well-defined objectives for public enterprises. Financial restraints exist in the form of overcapitalization and high overhead costs. The firms have a strict financial control, an unsound capital structure, and a depreciation programme. Managerial issues such as a lack of qualified manpower, civil servants in public enterprises being frequently transferred, political interventions, both explicit and implicit, employee disenchantment as a result of civil servants being seconded to organisations, leaving no opportunity for insiders to rise to top management positions, and, finally, a less than enticing compensation plan in public enterprises, which leads them to the pinnacle of the pyramid. Personnel factors such as ineffective personnel policies,

overstaffing, a scarcity of skilled and expert employees, poor performance, a lack of sincerity and dedication on the part of employees to the organisation, frequent staff transfers with no job enrichment or rotation, job security leading to a refusal to improve efficiency and productivity, and a lack of motivation through punishment policies, among others. Strikes, gheraos, lock-outs, sit-ins, tools-downs, work-to-rule, agitation, protests, and disturbances hurting production and sales significantly, result in a loss of man days and working hours, resulting in reduced production and sales. The installed capacity is being used at a low rate or is being used inefficiently. It is difficult to measure since, in many cases, determining the installed capacity is challenging due to multi- product firms with similar shop floor facilities. Underutilization of capacity results in a lock-up of scarce human, financial, and material resources, imports, repercussions in interconnected sectors, and an increase in production costs, all of which harm firm profitability. The lack of a strong pricing policy; the government has not issued clear pricing guidelines, and there are several price-fixing agencies. This causes price fixing uncertainty, which affects the efficiency of public enterprises. Excessive control, both formula and in formula, which stifles managerial initiative and reduces efficiency. The proliferation of control and oversight bodies dilutes the commercial criteria used by public firms. Political unrest results in the loss of property and man hours, reducing the production and sales of government-owned businesses.

"The public sector in India today is characterized by its inability to face up to competition in an increasingly competitive environment, brought about by globalization as well as domestic market liberalization," wrote a member of the Government of India's Dis-investment Commission recently in a comment on the state of the public sector in India (Ganesh, 1999). This predicament has also resulted from poor investments in people and machinery, as well as management's failure to recognize the importance of transforming corporate culture in an era of global competition. Most government divisions, whether successful or not, suffer from intrinsic bureaucratic difficulties such as outdated work cultures, overstaffing, and a lack of entrepreneurial ambition. Many of these problems may be traced back to government meddling in the day-to-day operations of public-sector businesses. In many situations, the government has viewed public sector enterprises as an extension of its arms, strategically placed to support its interests in the corporate world. Losses and near-eroding net worth have resulted from a lack of willingness to seize possibilities and a desire to play it safe in order to avoid complications with post-implementation audits. In addition to these problems, businesses have had to deal with massive wage increases. The Bureau of Industrial and Financial Reconstruction has already been directed to around 60 PSEs (BIFR). If proper corrective steps are not adopted quickly, many more will fall into the hands of the BIFR.

Economic Reforms

It is generally known that India has been undergoing an economic revolution since 1991 in order to fully maximise the country's potentials and attain higher growth. To improve the efficiency, productivity, and competitiveness of Indian enterprises, credible reforms have been implemented in the areas of industry, commerce, and infrastructure, as well as the fiscal, financial, and public sectors. India is quickly establishing itself as one of the most attractive places for global investment and a land of boundless possibilities for all. Dr. Tarun Das (2003) believes that the Indian economy has many favourable aspects that

would allow it to grow rapidly in the future. The following points have been summarised by him (Das 2003: 70–71):

- India is the fourth largest economy in the world after USA, Japan and China in terms of Purchasing Power Parity adjusted GDP.
- India posses the eight largest industrial estate in terms of stock of capital.
- It posses huge domestic market with the second largest population after China and a middle class in the range of 150–200 million.
- India is the largest democracy with multi–party system, free press, independent judiciary, efficient administration, a long history of private enterprises and a strong institutional base for development.
- India has vast natural resource. It ranks sixth in coal and iron ore reserves, fifth in bauxite, seventeenth in crude petroleum and twenty–third in natural gas reserves.
- India ranks nineteenth in terms of value added in industry (first in production of sugar, fourth in nitrogenous fertilizers and coal, fifth in cement and iron ore, ninth in electricity generation, tenth in steel, thirteenth in commercial vehicles, and twentieth in crude petroleum production.
- India ranks first in production of milk, millet, ground nut, tea, jute, mangoes and bananas, stocks of cattle and buffaloes, second in arable land and irrigated area, production of rice, wheat, rapeseed, sugarcane and tobacco and third in production of cotton, natural rubber.
- India has cheap but reasonably skilled and dedicated labour force and peaceful industrial relations.
- Language does not pose any problem as English is an accepted language in educational institutions, Government offices and corporate houses.
- India has a strategic location to cater the markets in the South, East and West Asia and can even be gateway to the markets in Europe and Africa.
- India has a mature banking and financial system with several large commercial banks, financial institutions and insurance companies.
- India has a vibrant capital market with around 10000 listed companies (second highest in the world) and a market capitalization of over US $ 250 billion.
- India has a diversified and well–spread infrastructure. It ranks one of the twenty largest telecom networks in the world. It possess largest network of post offices in the world, it ranks first in rail network and third in the road network.

Instead than show treatment or a big bang strategy like Latin American countries or the Commonwealth of Independent States, India's reform programme has emphasised gradualism, step-by-step approach, and evolutionary process. India is a multiparty democracy, and since 1951, one of the primary goals of our planning has been to achieve growth while ensuring social fairness. As a result, changes are based on broad political interests and favour job creation and poverty reduction. During the 1980s, India successfully completed the Sixth (1980–85) and Seventh (1985–90) five-year plans and shifted to a higher growth rate, with an average annual growth rate of 5.7 percent, compared to 3.5 percent in the 1970s. However, massive and persistent macroeconomic imbalances expressed in mounting budget deficits, a perilous balance of payments situation, and inflationary pressures have cast considerable doubt on the growth process's long-term viability (Das, 2003:8), During the 1980s, India's overall economic philosophy was to

liberalise imports, promote export-oriented industries, reduce physical controls and regulators in industry, encourage capacity expansion and technological advancement, allow for a flexible exchange rate, and attract foreign investment in specific sectors based on case-by-case approvals.

India continues to have a tight foreign equity policy, as well as a strict policy on capacity expansion for economies of scale and private sector engagement in infrastructure and other vital industries. The reform concepts since 1991 are depicted in Chart 1. Stabilization policies and structural adjustment reforms are the two types of macro adjustment policies. Stabilization policies try to reduce macroeconomic imbalances by targeting demand, whereas structural adjustment policies aim to increase supply and improve productivity and growth by enhancing the system's competitiveness, efficiency, and dynamism (Das, 2003: 12). Except for a few sectors that are crucial for national security, public health, and the environment, the government has abolished licencing for both industrial output and exports. Since July 1991, the foreign investment policy has been dramatically liberalised. The majority of sectors are now open to foreign investment, subject to sectoral equity caps. In most infrastructure industries, majority involvement and equity up to 100% are permitted. Foreign institutional investors, non–resident Indians, and overseas corporate bodies are allowed to operate in India's capital markets subject to an individual and collective holding of 10% and up to 49% of paid up capital for the FCCB.

Chart 1: Paradigms of Economic Reforms in India

Pre Reforms Period (Pre 1991)	Post Reforms Period (Post 1991)
Quantitative licensing on trade and industry State regulated monopolies of utilities & trade Government control on finance & capital markets Restrictions on foreign investment and technology Export Promotion and export diversification. Import substitution and export of primary High duties & taxes with multiple rates. Sector specific monetary, fiscal and tariff policies Endues and sector specific multiple and controlled interest rates Foreign exchange control, no convertibility of rupee	Abolition of industrial and trade licensing Removal of state monopolies privatization & divestment Liberalization of finance & capital markets Liberal regime for FDI, portfolio investment foreign technology goods, no import bias. Reduction and rationalization of taxes and duties dispersion Sector neutral monetary, fiscal and tariff policies. Flexible interest rates without any endue or controlled interest rates sector.

Multiple and fixed exchange rates Administered prices for minerals, utilities Tax concessions or exports and savings Explicit subsidies on food fertilizers Hidden subsidies on power and urban transport. General lack of consumers protection and other sights Central leaning, discretionary process high Outdated companies Act No exit policy for land and labour Outdated legal system	Specifications Abolition of exchange control, United and market determined exchange rates Abolition of all administered prices Rationalized and being phased out. No change, budget subsidies on LPG essential items and Kerosene introduced. No change, but user charges are being imposed on public goods POL rationalized, and subsidies targeted Acts governing consumer sights, IPR, Decentralization sound institutional framework, degree of bureaucracy reforming civil services No change No change in labour policy slow progress No change

Source: Tarun Das, Economic Reforms in India, Bank of Maharashtra, Pune, 2003.

Foreign institutional investors, non–resident Indians, and overseas corporate organizations are permitted to engage in India's capital markets if they possess a minimum of 10% and a maximum of 49% of the FCCB's paid up capital.

Chart 2: Structural Reforms Since 1991

Pre–reforms period (Pre–1991)	Post–reforms period (Post 1991)
Government licensing required foremost industries, which account for 66 per cent of new investment	Industry and Infrastructure Licensing abolished except for 6 industries which account for less than 8 per cent of production
Restrictions on expansion under MRTP	MRTP amended.
Reservation of 836 items for SSI units	

18 major industries reserved for public sector. Products, atomic energy, minerals required by atomic energy and rail transport reserved for public sector. Restricted foreign investment policy investment except a few which are strategic on considerations of national security, public health and environment. Public Sector Budget support to PSE: 1.5% of GDP Price and purchase preference for PSE Preferential treatment for bankcredits. No hard budget constrained. No disinvestments SICA does not include sick PSUs to BIFR External Sector Reforms Fixed exchange rate determined by RBI Imports of 55 goods canalized 439 items of export and subject to export licenses Rupee not convertible. No capital account convertibility	Many items de–reserved. Only four industries viz., defense Almost all the sectors are open for foreign Competition Bill approved by the Government. Support reduced to 0.6 per cent of GDP. No price preference, but purchase preference exists. No preferential treatment for bank credits. MOUs with PSEs strengthened Disinvestment is allowed. SICA amended to refer loss-making PSUs Exchange rate is market determined. RRs on 91% of imports. Most RRs removed. Most items decimalized. Abolished except for minerals and agriculture. Export taxes on agro–products and minerals. Abolished. Fully convertible on current account. Significant convertibility on capital account.

Source: Tarun Das, Economic Reforms in India, Bank of Maharashtra, Pune, 2003

Many policies were announced in the 2002–03, Budget to encourage private investment in

industry and infrastructure. These measures include the following (Das, 2003: 30):

- Public investment in key infrastructure sectors increased and or infrastructure equity fund set up to help in providing equity investment fund for infrastructure projects.
- One time settlement scheme in regional to State Electricity Board (SEB) over dues to the central public sector utilities through securtization and bonds.
- Corporatization of major ports in a phased manner
- Concession Package for private sector participation in green field airports.
- Urban Reform Incentive fund set up to provide incentives for reform of rent control Act, rationalization of high stamp duty regime, streamlining approval process for construction and development of sites simplification of legal procedures and realistic user changes to convert agricultures land into non- agricultural use.
- Dismantling of administered price for petroleum products from April 2002. Subsidies on LPG and Kerosene to be phased out in the next 3–5 years.
- De–reservation of 50 items relating to agricultural equipment, chemicals and drugs etc, reserved for the small–scale sector.

Since its foundation in 1951, Indian planning has prioritised growth with social justice and poverty alleviation. Several anti–poverty programmes have been in place for decades, with the poor being the major target population. Programs for the welfare of the weakest sections, women and children, and members of special employment programmes for self- and wage work in both rural and urban areas are among them. India is committed to meeting the Millennium Development Goals of the United Nations by 2015. . Food crops and cash crops are mismatched in India, resulting in lower yields per hectare than the global average, production volatility, and huge differences in productivity between areas. Local production of pulses and oil seeds continues to fall short of domestic demand, forcing India to rely on imports of pulses and edible oils to meet its needs. Furthermore, the rural sector has little investment and low returns, and agriculture is still sensitive to weather shocks. For the growth of agriculture and the rural sector, the following actions have been adopted. (Das, 2003: 34):

- Greater thrust on rural infrastructure.
- Review of essential commodities set.
- Higher credit to agriculture.
- Introduction of Kisan Credit Cards.
- Setting up Agricultural Export Zones.
- Watershed Development
- Amendment of the Milk and Milk Products Control Order 1992 on March 26, 2002 to remove restrictions on new milk processing capacity.
- Decanalization of exports of agricultural committees and phasing out of the remaining control on agricultural exports.
- Expansion of forward trading to cover all agricultural commodities.
- Additional allocations to the states for decontrol and deregulation of agriculture.
- Additional allocation for construction of cold storage and rural warehouses.
- Strengthening micro–credit delivery system through self–help groups.

- One time settlement of bank loans for small and marginal farmers.

- Setting up a new corporation for agricultural insurance.
- Setting up a modern integrated food law affecting food and food processing sector.

Shift in Policy

Because of the variations between the two periods, 1951–91 and after 1991, India is an intriguing case study for studying the impact of industrial policies and institutional structures on industrial growth and patterns of industrial transformation. They represent various regulatory regimes, institutional frameworks, and industrial development patterns, allowing for systematic research and hypothesis creation about casual linkages. Since 1991, Indian policymakers have attempted to learn from East Asian experiences while also being pressured by the IMF, the World Bank, and other international organizations to liberalize and open up the Indian economy to the world market.

India's early 1950s economic policies included considerable government supervision of the private industrial sector, the creation of a large state industrial sector, and import limits that effectively insulted domestic industry from worldwide competition. During the four decades between 1951 and 1991, policy changes occurred, but core policy ideas and the institutional architecture that shaped policy execution and impact remained largely unchanged (Martinussen, 2000 : 77). India's industrial policies, as well as the institutional structures for implementing them and the country's overall institutional setting, all had an impact on the country's industrial development in different ways. In a national framework, the industrial approval system helped to industrial diversification. During this time, India's industrial structure became much more diverse. India's industrial structure had become more varied by the 1970s than that of most other emerging countries. Diversification and links to basic and capital goods sectors were aided by the rise of the public industrial sector. The approval system, on the other hand, did not close the technological gap. It did not help India catch up to the industrialised world in terms of technological advancement. The permission system failed to avoid economic power consolidation in the private sector. Finally, the system did not foster small-scale industrial development, but rather operated as a barrier to entry for newcomers (Martinussen, 2000:113). India's international competitiveness decreased as a result. In the 1960s and 1970s, India's proportion of global and developing-country manufactured exports fell, and the rebound in the 1980s did not make up for the ground lost in the preceding decades. As a result, India's proportion in global manufactured exports fell from 0.84 percent in 1962 to 0.41 percent in 1980. By the 1990s, the percentage had risen to 0.54 percent. From 22.1 percent in 1962 to 3.4 percent in 1980, India's proportion of developing country manufactured exports dropped dramatically (Kathuria, 1997; 154). The many incentives available for small scale units in India have protected small businesses that have actively sought government assistance. However, in other ways, the overall impact has been different from that predicted by policymakers.

The Indian economy witnessed major structural transformation between 1950 and 1990. The contribution of industry to GDP increased from roughly 15% in 1950 to nearly 30% in 1990. The manufacturing sector's output and value added grew significantly,resulting in this relative gain. During the period 1951 to 1966, India's economic development was characterised by a high ratio of increase in industrial production, with a focus on capital goods and metal-based sectors in the public sector. Between 1966 and 1980, India's industrial development was marked by markedly slower growth, owing to a slowdown in

public investment and low productivity growth in the public sector. During the period 1980 to 1990, industrial development saw a modest comeback, with consumer durables growing the fastest, followed by capital goods (Mukherjee, 1997 : 28). A substantial intellectual lobby arose in the 1980s to oppose the policy framework of controls and regulations. In the early 1990s, foreign and internal factors combined to cause an economic crisis, and India implemented new economic policies in 1991, contributing to a break with the past.
In July 1991, the Government of India announced drastic changes in the industrial and foreign trade policies. Since then, further liberalizations have been introduced every year with each new budget. The changes that have been included are:

- Abolition of licensing in most industrial sectors;
- Removal of most of the regulations restricting the growth of large companies;
- Opening up many areas to the private sector previously reserved for development by the public sector;
- Removal of numerous regulations pertaining to foreign investment and transnational business collaborations (mainly contained in FERA before 1991);
- Introduction of various incentives to encourage technology transfers in general and foreign investment in high priority industries in particular;
- Partly freeing of foreign trade from government interference; and
- Steps to make the Rupee fully convertible on the current account (not the capital account).
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The new economic policies marked a fundamental break with the past. They drastically reduced the degree of state regulations in several respects and introduced a much more market friendly and open economy policy environment. This considerably changed the climate for Indian and foreign investment as well as for transnational technical cooperation and strategic alliances. There is widespread agreement among both Indian and foreign investors that business opportunities in India improved after 1991. The following are the outcomes of new industrial policies (Martinussen, 2000, 950):

- Costly and time consuming controls have been abolished. Until 1991, the industrial approval implied that private investors and companies had to spend considerable time and resources to obtain the necessary clearances. Most of the big companies had to maintain a special lobbying unit in Delhi to deal with government officials both formally and informally to speed up the approval procedures. After 1991, much fewer approvals are needed from the central government. Most clearances which are still required can be obtained at state
- government level.
- It has been made easier for big companies to expand monopolies and respective trade practices legislation has been radically changed so that even big companies with market share above one third can expand their production and sales without prior approval from the government.
- Several sectors which used to be reserved for the public sector have been opened up for private investment and in some of the sectors, special incentives are offered to foreign investors.
- Foreign majority ownership is now allowed as the general rule while before the

general rule allowed only 40 per cent of foreign ownership.

- Quantitative import restrictions have been abolished and tariffs lowered. On average, weighted tariffs were brought down from 87 per cent in 1991 to less than 30 per cent in 1997.
- Convertibility of the rupee on the current account has been introduced. This change of policy has been an improvement.
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However, it appears that broad agreement has emerged among Indian industrialists that the new policy framework has introduced certain biases in favour of foreign companies and new foreign investors, the following are the disadvantages for Indian promoters and companies vis–a–vis new foreign investors (Martinussen, 2000 : 950):

- Foreign investors can access capital funds abroad at much lower interest rates than Indian promoters can obtain in India.
- Indian companies pay customs duties on all their imports while foreign companies can obtain exemption.
- Sales tax in relation to interstate transfers applies only to Indian companies.
- While Indian companies have to pay excise duty immediately, foreign companies can often postpone their payment.

It appears warranted to conclude that while India post 1991 industrial policies reflected attempts at accommodating more than before the interests of foreign capital, the institutional arrangement for their implementation embodied biases mainly in favor of large India based companies with established relations with government bureaucracies. Companies involved in India's industrial development through investment and trade can be divided into categories according to their status in relation to the pre and post 1991 regulatory frameworks. At least five main categories may be identified in the following manner:

- Indian controlled companies and groups of companies which previously, until 1991 came under the purview of MRTP Act. These are the big India companies and business houses.
- Foreign controlled companies established in India before 1991 which until 1991,
- were affected by the FERA and at the same time come under the MRTP Act. These are the big foreign branches and subsidiaries of transnational corporations with foreign equity at 40 per cent and above.
- Foreign companies considering establishing manufacturing branches or subsidiaries and entering into strategic alliances in India after 1991.
- Foreign companies interested only in trading with India.
- Indian companies not covered by the MRTP Act, including small and medium sized companies.

In other areas, the new economic policies place a greater focus on attracting foreign investment and facilitating international trade while paying less attention to the interests of India's industrial firms. Despite the profound crisis of 1991–92, annual growth rates between 1992 and 1997 averaged 6.8%. However, with an annual compound growth rate of 5.5 percent, the post-reform period's growth rate has not been considerably higher

than that of 1980. Furthermore, after 1997, the rate of increase slowed. During the 1980s, manufacturing experienced an annual growth rate of roughly 8%. Manufacturing, like global industrial growth, has fluctuated dramatically over the last decade, with a distinct tendency to decline after 1997. In the mid-1990s, India witnessed a robust boom, with yearly export growth of over 19%. Export growth, on the other hand, slowed to only 5.6% in 1996–97 and then to roughly 2% in 1998. It should be emphasised that after 1995, both Indian and foreign investment intentions have shown a downward trend. There is no indication that the amount of proposed investments has lately grown. It should be emphasised that IEM implementation has been gradual. By November 1948, commercial production had been announced for less than a quarter of the anticipated outlay. Furthermore, between 1991 and 1998, actual inflow as approved FDI in India was 29.3%, whereas only 14% of total actual FDI inflow in India was reported as NRI investment. In India, net foreign direct investment as a percentage of GDP was 0.4 percent from 1991 to 1996, compared to 0.1 percent from 1983 to 1991. As a result, net FDI as a percentage of GDP has decreased in India since the reforms, whereas it has surged dramatically in China, Indonesia, and other emerging countries. Furthermore, the growth in net private capital inflows as a percentage of GDP, from 1.4 to 1.5 percent of GDP, has been quite modest. As seen through the eyes of Indian policymakers, this is certainly disheartening.

Conclusion

The huge transformations that reshaped the world during the last quarter of the twentieth century will be remembered. Every aspect of life has been touched by technological progress, whether it be manufacturing or services, private or public, domestic or transnational. Most economies underwent policy changes during the globalisation process, some of which were radical in nature, to usher in economic liberalisation and internationalisation of products and services. In the early 1990s, India, too, faced stiff competition from the global market and embarked on a road of structural reform. The implementation of 'New Economic Policy' in 1991 kicked off the process. Change in an organisation entails changing its structure, method, management and staff behaviour,

strategy, and environment, among other things. One of the most common targets of change is the organization's structure. Organizational transformation must be viewed in light of the nature and stage of management in general, as well as the leadership of the organisation in particular. Leadership has become increasingly important at all levels of a business over time. The character of leadership has also changed. In the late 1970s and early 1980s, the winds of change began to sweep the industrialised economies and many of the newly developing or developed economies, notably China and the Southeast Asian countries. However, it was not until the late 1980s and early 1990s that India's economy and corporate sector realised the impact of the new wave, as well as the urgency of the need to change. In terms of technology, productivity, income levels, the availability of new products and services, and their quality, the divide between the developed world and India has increased. Despite the reforms implemented since 1991, the Indian government, corporate sector, and labour unions are still grappling with the new paradigm's shifting reality.

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