

***Editorial***

Dear Readers,

The new issue of the International Journal of Research in Business Studies (IJRBS) is an addition to the pursuit of knowledge. Its multidisciplinary approach is the representation of the power of collaboration across disciplines enabling us to transcend the limitations of individual fields and explore the vast landscapes of interconnected ideas in the area of business studies. This issue comes with thirteen papers uniting diverse perspectives, methodologies, and expertise of the orbit.

This marks a significant milestone for the journal as it completes its 16<sup>th</sup> edition, showcasing the consistent publication efforts and substantial contributions made to the academic community. I express my sincere appreciation to the dedicated members of the editorial board and the authors for their diligent work in refining the papers for publication. We are committed to aligning IJRBS with the evolving norms of the domain, striving to make it even more relevant.

We wholeheartedly appreciate and encourage your valuable comments and ideas.

Arun Kumar  
Editor-in-Chief  
IJRBS



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## **Collaborative Effectiveness of the Internal Audit Unit and Audit Committee at the New Juaben South Municipal Assembly in Ghana**

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### **Abstract**

There are numerous studies on the difficulties that the Internal Audit Unit (IAU) and Municipal Audit Committee (MAC) face in Ghana; however, there is less information on how these entities work together to improve the performance of municipal assemblies in Ghana. On this premise, this study investigates if there exists a collaborative role using simple eta-squared to estimate the effect size between the internal audit unit and the audit committee on the performance of the New Juaben South Municipal Assembly (NJSMA), Ghana. The research design for this study is both exploratory and descriptive in nature, with a target population of 323 workers, out of which a sample of 215 was drawn for the survey. The survey found that there is, in fact, a significant and substantial level of cooperative effectiveness between the internal audit unit and the municipal audit committee at NJSMA of Ghana. This cooperative effectiveness between the two variables, which are the work of the municipal committee and the work of the internal audit unit, improves performance at the municipal assembly.

### **Keywords**

Audit committee, Internal audit unit, Performance, Collaborative effectiveness, and Municipal Assembly.

### **1. Introduction**

The effectiveness and challenges of the Internal Audit Units (IAU) and the Audit Committees (AC) in Ghana have been topics of interest among researchers, practitioners, and policymakers. Municipal audit committees are responsible for overseeing the financial affairs of municipalities. They are established under the Local Government Act. The primary role of ACs is to provide independent assurance that the financial affairs of municipalities are being managed in accordance with applicable laws and regulations (Abbott et al., 2004; Glover-Akpey, 2016). On the other hand, the primary role of IACs is to ensure that financial transactions are recorded accurately and that financial statements are

prepared in accordance with generally accepted accounting principles (Abbott et al. 2004). They also assess risk management processes and provide assurance about the effectiveness of internal controls. One of the key differences between the IAU and AC is their scope of responsibilities. That is, IAUs focus on providing assurance on the effectiveness of internal controls, while ACs focus on providing assurance that the financial affairs of municipalities are being managed in accordance with applicable laws and regulations. It is, however, interesting to note that, while studies on IAUs and ACs have focused on how each affects performance (Egiyi & Okafor, 2022; Agyemang, 2020), less work has been done on the collaborative efforts of IAUs and ACs. For instance, a study by Onumah and Krah (2012) evaluated the effectiveness of IAUs in improving financial management in local government units in Ghana. The study found that IAUs play a critical role in identifying risks, testing internal controls, and making recommendations for improvement. On the other hand, a study by Verschoor (2008) found that audit committees play a critical role in providing oversight and ensuring compliance with laws and regulations. Thus, while there are several separate works by ACs and IAUs, there is less information on the collaborative efforts of these entities.

Further, according to Section 86 of the Public Financial Management Act, 2016 (ACT 921) in Ghana, all covered entities are required to set up an audit committee to perform specific functions in relation to the supervision of the financial affairs of the municipalities. The audit committee also ensures that the head of the covered entities under ACT 921 pursues the implementation of recommendations contained in both external and internal audit reports. Yet, regardless of these reports and recommendations, which ought to be implemented many times, we read about large sums of money being lost by government entities and other financial institutions, leading to funding challenges and the eventual collapse of some of these institutions (Boohene et al., 2018). Failure to remit tax, and making payments without attachment of Value Added Tax (VAT) invoices, among others, are some of the challenges encountered (Audit Committee Report, 2020), and one of the reasons given for these issues is due to ineffective internal audit controls. Consequently, the follow-up questions on these issues are, “Where was the internal auditor unit?” And how come the municipal audit didn’t alert the internal audit unit to imminent loopholes?” It does appear, therefore, that the municipal audit committee plays more of an independent policing role as opposed to a collaborative role with the internal audit unit (De Zoort et al., 2002). Based on this setting, the authors are motivated to investigate the collaborative role between the audit committee and the internal audit unit in the performance of NJSMA.

## **2. Review of the Literature**

### **2.1 Internal Audit Unit**

Canestrari-Soh & Martinov-Bennie (2011) defines internal auditing as an independent management function that involves a continuous and critical appraisal of the functioning of an entity with a view to suggesting improvements thereto and adding value to and strengthening the overall governance mechanism of the entity, including the entity's strategic risk management and internal control systems. The Institute of Internal Auditors (2015) defines internal auditing as an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. Internal audit is the independent appraisal function, and its effectiveness determines the success of an organization (Suleiman & Dandago, 2014). The Institute of Internal Auditors (IIA) noted that internal audit effectiveness is the degree of quality to which targets or goals set are attained. Internal audit function effectiveness refers to the capability of the internal auditors to meet the objectives that are established within an organization (Dittenhofer, 2001).

#### **2.1.1 Internal Audit Practices**

Effective audit practices in the public sector are crucial as they protect the interests of the citizens and strengthen governance by significantly enhancing the citizens' ability to hold their public officers accountable (Institute of Internal Auditors, 2012). Although audit practices tend to differ across countries, generally, public sector audit activities entail organizational independence, a formal mandate, unrestricted access, sufficient funding, competent leadership, objective staff, competent staff, stakeholder support, and professional audit standards (IIA, 2012). MacRae & Gils (2014) posit further that internal audit practices or activities comprise internal auditors' competence, roles and responsibilities, independence, and objectivity in carrying out their work and reporting effectively.

### **2.2 Audit Committee**

As put by Glover-Akpey and Azembila (2016), the aim of an audit committee is to improve organizational governance, regardless of whether the organization is in the private or public sector. As a subcommittee of the governing body, an audit committee aims to provide assurance on financial and compliance issues through increased scrutiny, accountability, and the efficient use of resources. An audit committee may also serve an advisory

function aimed at performance improvement within the organization. To perform its role, an audit committee must be established and empowered with the authority to perform its duties. Previous studies have indicated that the monitoring role of audit committees is a key element in corporate governance, helping to control and monitor managers' practices (Campbell and Mnguez-Vera 2008; Afify 2009). Furthermore, audit committees improve the quality of financial reporting and decrease audit risk, thereby improving the quality of reported earnings (Contessotto and Moroney 2014; Abernathy et al. 2015). Therefore, audit committees play an important role in overseeing and monitoring a company's management with the aim of safeguarding the interests of the owners (Kallamu and Saat 2015). It is recognized that an effective audit committee focuses on enhancing company performance and competitiveness, particularly in a changing business environment that is beyond the control of the company (Herdjiono and Sari 2017). An effective audit committee is expected to emphasize the optimization of shareholders' wealth and prevent managers' maximization of their personal interests (Bansal and Sharma 2016). Thus, the role and responsibility of the audit committee cover wider areas such as the monitoring of managers and the review of the company's internal control system (Aldamen et al. 2012).

### **2.2.1 Competencies of the Audit Committee**

The literature recognizes that members of audit committees need to possess certain professional and personal attributes and qualities in order to perform their roles through functional activities, processes, and procedures. The responsibility for overseeing internal control and financial reporting and good governance requires that audit committee members possess a certain level of competencies. Hosan & Khan (2014) recommend that each member of the audit committee should be financially literate and that at least one member should have accounting or related financial management expertise, where expertise is defined as "past employment experience in finance or accounting or any other comparable experience or background which results in the individual's financial sophistication, including being or having been a CEO or other senior officer with financial oversight responsibilities."

### **2.2.2 Independence of the Audit Committee**

Bryan et al. (2004) found that the independence of the audit committee has a positive influence on the quality of earnings. In contrast, some studies have opined that independent audit committees are less likely to



be associated with financial statement fraud but have a lower incidence of earning restatement because independent audit committees are able to provide unbiased assessment and judgment and are able to monitor management effectively (Agrawal & Chadha, 2005). According to Warga (2014), independence of the audit committee and authority are important concepts that enable the audit committee to operate without interference and provide effective feedback to management on how to continuously enhance effective control policies.

### 3. Research Methodology

The study is limited to responses from employees at the NJSMA, Koforidua, particularly the internal audit department. The New Juaben South Municipality is one of the 260 metropolitan, municipal, and district assemblies in Ghana and forms part of the 33 (thirty-three) municipalities and districts in the Eastern Region. The municipality was established in 1988 by Legislative Instrument (LI) 1426. The target population for this study is defined as workers belonging to the audit department, budget department, accounting department, planning department, works department, and environmental department, all totaling 323. The sample size for the study is 215. The study employs correlation analysis and eta-squared to estimate the effect size between the audit committee and the internal audit unit on the performance of the New Juaben South Municipal Assembly (NJSMA), Ghana.

### 4. Results and Discussion

Descriptive statistics (Demographic Profile)

	Category	No. of Respondents	Respondents (%)
<b>Gender</b>	Male	137	63.7
	Female	78	36.3
	<b>Total</b>	<b>215</b>	<b>100</b>
<b>Age Category</b>	20-29	58	27.0
	30-39	112	52.1
	Above 39	45	20.9
	<b>Total</b>	<b>215</b>	<b>100</b>
<b>Number of Years Worked</b>	1-3years	54	25.1
	4-7years	122	56.7

	Category	No. of Respondents	Respondents (%)
	More than 7years	39	18.1
	<b>Total</b>	<b>215</b>	<b>100</b>

**Table 1:- Presentation of Sampled Demographic Profile of Respondents**

*Source:* Author's Compilation 2022

Table 1 reveals the sampled demographic profile of respondents. From the table, 137 respondents (63.7 percent) are male, whereas 78 (36.3 percent) are female. In terms of age category (58), representing (27.0 percent) are between the ages of 20 and 29, whereas (112) representing (52.1 percent) are between the ages of 30 and 39. On the other hand, 45 respondents (20.9 percent) are over 39 years old. This indicates that workers at NJSMA who responded to this survey are mainly youthful and also within their active working period. Further, in terms of the number of years worked, 25.1 percent of the respondents have been working in the municipality for the past three years. Whereas 56.7 percent of the 122 respondents have been working for the past seven years. This goes to confirm that the municipality has a low worker retention rate and puts it in a better position to give an account of the phenomenon under study.

**Table 2:- Correlations**

		Work of Municipal Audit Committee	Work of Internal Audit Unit
Work of Municipal Audit Committee	Pearson Correlation	1	.624**
	Sig. (2-tailed)		.000
	N	215	215
Work of Internal Audit Unit	Pearson Correlation	.624**	1
	Sig. (2-tailed)	.000	
	N	215	215
**. Correlation is significant at the 0.01 level (2-tailed).			

*Source:* Author's Compilation 2022

There is a significantly high positive relationship between work of the municipal audit committee and the work of the internal audit unit. As seen from the Table above, statistically  $\rho(215) = 0.624$ ,  $P = 0.00$ ;  $P < 0.01$  and  $\rho$  is positively high.

**Table 3:- Model Summary<sup>c</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.397 <sup>a</sup>	.157	.149	1.192
2	.394 <sup>b</sup>	.155	.151	1.191
a. Predictors: (Constant), Municipal audit committee				
b. Predictors: (Constant), Internal audit unit				
c. Dependent Variable: Performance at NJSMA				

Source: Author's Compilation 2022

As observed in Table 3, the predictor ability as explained by the R Square is (0.157) for the municipal audit committee on performance and (0.155) for the internal audit unit on performance which is significant in both cases. That is, the municipal audit committee explains 15.7 percent of the variations in the dependent variable whereas the internal audit unit explains 15.5 percent of the variations in the dependent variable.

**Table 4:- One-Sample Test**

	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Relationship between the municipal audit committee and internal audit unit at NJSMA	70.644	214	.000	3.693	3.59	3.80

Source: Author's Compilation 2022

To assess the cooperative effectiveness between the municipal audit committee and the internal audit unit, the Eta-square was used. The main indicators were ranked using a five-point Likert Scale. The indicators include the work of the municipal audit committee and the work of the internal audit committee. The values assigned to the response had 1 representing “weak agreement” or strong disagreement rising up to 5 representing “strong agreement”. To measure the

extent of effect in terms of the cooperative effectiveness between the two variables, the researcher employs a modified version of Eta Squared, which is given by the formula:

$$Eta-Squared = \frac{t^2}{t^2 + N - 1}$$

Where: 0.01 = small effect, 0.06 = moderate effect, and 0.14 = large effect.  $t$  =  $t$ -value;  $N-1$  = degree of freedom ( $t = 70.644$  and  $N = 215$ ); eta-squared = 0.95888 and therefore there is a significant amount of cooperative effectiveness between the audit committee and the internal audit unit at NJSMA, which enhances performance. The outcome of these results is in line with a survey by the Institute of Internal Auditors (2022) about the importance of building relationships of trust and enhanced connections between the internal audit and audit committee, as such relationships are critical for improved organizational performance. Also, a strong, supportive relationship between these two entities creates and enhances the independence and objectivity necessary for an effective audit function. Thus, relationships between internal audit and audit committees exist in order to foster competence, positive thinking, and corporate culture, as internal auditors in return seek to influence the role of the audit committee to ensure a maximum effect in respect of good corporate management and control (Wong 2012).

**Table 5:- Chi-Square Tests (Decision Rule)**

Hypothesis	Decision rule	Results/ Decision
<b>H1</b>	If p-value $\leq 0.05$ , the test is significant If p-value $> 0.05$ , the test is not significant	p-value $\leq 0.05$ Accept H1
<b>H2</b>	If p-value $\leq 0.05$ , the test is significant If p-value $> 0.05$ , the test is not significant	p-value $\leq 0.05$ Accept H2
<b>H3</b>	If p-value $\leq 0.05$ , the test is significant If p-value $> 0.05$ , the test is not significant	p-value $\leq 0.05$ Accept H3
<b>H4</b>	If p-value $\leq 0.05$ , the test is significant If p-value $> 0.05$ , the test is not significant	p-value $\leq 0.05$ Accept H4

Source: Author's Compilation 2022

Thus, the following hypothesis was accepted, namely:

**H1:** The work of the internal audit unit enhances performance at NJSMA, Koforidua.

**H2:** Competencies of audit committee enhances performance at NJSMA, Koforidua.

**H3:** Internal audit unit practices enhances performance at NJSMA, Koforidua.

**H4:** There is an effective cooperation between the audit committee and the internal audit unit at NJSMA, Koforidua.

## 5. Conclusion

The survey found that there is, in fact, a significant and substantial level of cooperative effectiveness between the Internal Audit Unit and the Municipal Audit Committee at NJSMA, Koforidua. This cooperative effectiveness between the two variables, which is the work of the internal audit unit and the municipal audit committee, improves performance at the municipal assembly. To sustain such a progressive relationship, it is imperative for the internal audit and the audit committee to have a clear understanding of their reporting responsibilities and expectations, as the relationship between the two is critical to maintaining the healthy working atmosphere necessary for improved performance. The researchers, however, posit that, to further affirm the link between the audit committee and internal audit unit and how their collaborative efforts affect performance in the future amidst challenges, it would be appropriate to use a broader spectrum of variables from different public sectors.

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## **A Study on Handbill Insertion (Pamphlet) Activity in Newspaper by Newspaper Agents of Selected Districts of Karnataka**

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### **Abstract**

The present research paper throws light on the insertion of a Pamphlet in a newspaper by newspaper distributing agents in selected districts of Karnataka namely, Dharwad, Haveri, and Karwar districts. A Pamphlet or handbill or flyer insertion is an exercise undertaken by newspaper agents in a few markets, as the most cost-effective method of advertising to reach out target audience with the help of a newspaper. This method of advertising ensures the advertiser or message, which will reach a location specific to the hands and minds of the target audience. The primary data on handbill insertion by newspaper agents was empirically examined about the quantity of handbill insertion, the number of days, and the time taken to insert handbills is verified through inferential statistics using a chi-square test at a 5 percent significance level.

The insertion of handbills is higher in Dharwad city than in the other two districts of Haveri and Karwar. Handbill insertion frequency and quantity are comparatively more among agents in the cities of Hubli & Dharwad than in semi-urban and rural places. It can be inferred that Handbill insertion activity is high among the city agents than among the agents in other smaller places. There is a significant difference in the agents' activity of handbill insertion, getting requests for insertion, and insertion on the number of days, quantity, and time taken to insert handbills in the newspaper in the three districts namely Dharwad, Haveri & Karwar. The higher the number of handbills to be inserted, the higher will be the time consumed in the insertion, resulting in a delay in the delivery of newspapers and a notional loss of Advertisement revenue to the companies.

### **Keywords**

Handbill insertion, Newspaper, Newspaper distribution, Newspaper Agents, Advertising, and City agents.

### **1. Introduction**

As per the 2011 census, India's total population stands at 1.21 billion, and almost 70 percent reside in rural areas. The literacy rate, which was around 17 percent at

the time of Independence, has gone up to 74.04 percent (2011 census). With time, more literate and educated people with reasonable economic growth are expected. This change is bound to impact the reading habits of people. Literacy and consequential growth of potential readers backed by economic growth are likely to help the print media. The above statistics give positive hope for most of the publishing houses to spread their foothold in other untapped markets to reap good returns. Many newspaper publishers have started identifying the niche approach as an opportunity for future growth (customer targeting drive, for information from mass markets to niche audiences). This has resulted in increased circulation numbers for all the publishers.

In India, Newspaper agents will generate an additional income along with the main income in distributing the newspaper in and around a specified geographical area. Each newspaper agent takes responsibility from an advertiser, who wants to reach a specific target audience cost-effectively, rather than advertising in a newspaper. A pamphlet or handbill or flyer insertion is an exercise undertaken by newspaper agents in a few markets, as the most cost-effective method of advertising in a newspaper. A pamphlet insertion in a newspaper by newspaper distributing agents of Prajavani and Vijayavani Kannada vernacular in selected districts of Karnataka namely, Dharwad, Haveri, and Karwar districts were studied. This method of advertising ensures the advertiser or message, which will reach a location specific to the hands and minds of the target audience.

## **2. Statement of the Problem**

Handbill/flyer insertion in the Newspaper by the newspaper agents has many advantages. It is an additional source of income for a Newspaper agent and it is a cost-effective means to an advertiser over other forms of advertising. The flip side of this activity, which requires additional time, resulting in a delay in the delivery of newspapers. Hence, **“A Study of Handbill insertion (Pamphlet) activity in Newspapers by Newspaper Agents of Selected Districts of Karnataka”** from agents of Dharwad, Haveri, and Karwar districts was studied.

## **3. Objectives of the Study**

Below mentioned are the vital objectives in undertaking handbill insertion activities by the newspaper distributing agents of selected districts of Karnataka namely, Dharwad, Haveri, and Karwar.

**3.1** To know the agents getting requests for handbill insertion in newspapers.

- 3.2 To understand the agents inserting handbills, the number of days, the quantity of handbill insertion in a month, and the time taken by agents in handbill insertion.

#### **4. Scope of the Study**

The major objective of the present study is to have insights into the opportunity and agents' getting requests for handbill insertion. The geographical scope of the survey is confined to the three districts of Karnataka namely, Dharwad, Haveri, and Karwar. The newspaper-selling agents of Kannada vernacular (namely Vijaya Vani & Prajavani) were contacted and interviewed personally about their opinion on undertaking the activity of handbill insertion, the number of days, quantity of handbills inserted in a month and time taken to insert the handbill.

**H<sub>0</sub>:** There are no significant differences in the handbill insertion by agents, getting requests for insertion, insertion in the number of days, quantity, and time taken to insert handbills in the newspaper in the three districts.

**H<sub>a</sub>:** There is a significant difference in the handbill insertion by agents, getting requests for insertion, insertion in the number of days, quantity, and time taken to insert handbills in the newspaper in the three districts.

#### **5. Research Design and Methodology**

The researcher has undertaken descriptive research to examine the Handbill insertion by agents of three districts namely, Dharwad, Haveri, and Karwar.

#### **6. Sources and Collection of Data**

- i. **Primary Data:** The primary data was collected through a semi-structured questionnaire and telephonic interview administered to the newspaper-selling agents of Dharwad, Haveri, and Karwar Districts of Karnataka.
- ii. **Secondary Data:** Secondary data for this study has been collected from websites, journals, previous research works, and the internet.

##### **6.1 Sampling Design**

- a. **Sampling Unit:** The target respondents of the study were the Newspaper selling agents from Dharwad, Haveri, and Karwar, who were selling Kanadda vernacular.
- b. **Sample Size:** 80 Agents of Dharwad, Haveri, and Karwar districts.
- c. **Sampling Procedure:** Convenient Sample Method.

## 7. Data Analysis Techniques and Tools

The data collected through various sources were analyzed and interpreted using simple and advanced statistical techniques, frequency distribution, mean, percentages, and related statistics were used to analyze data collected from agents who are distributing newspapers. The SPSS package has been appropriately utilized during the analysis and interpretation of data. The chi-square test, and Cramer's P-value, techniques have been utilized for testing hypotheses.

## 8. Handbill Insertion Activity by Agents

From the tabulated values in Table 1 on the collected primary data, on handbill insertion by agents, the quantity of handbill insertion in the number of days, and time taken to insert handbills is verified through inferential statistics using a chi-square test at a 5 percent significance level with a 95 percent confidence level using an alpha value of 0.05 as criteria for decision. The calculated p-value of the hypothesis revealed the value of p is less than 0.05 which is lesser than the alpha co-efficient significant value of 0.05 ( $p < 0.05$ ).

It can be concluded that Handbill insertion activity is high among the city agents than among the agents in other smaller places. There will be a significant difference in the agents' activity of handbill insertion, getting requests for insertion, and insertion in the number of days, quantity, and time is taken to insert handbills in the newspaper in the three districts.

**Table 1:- Handbill Insertion by Agents**

Agents' Activity of Handbill Insertion	Decision	Test statistics	
		X <sup>2</sup> - value	P-Value
1. Agents getting requests for handbills insertion	Rejected	X <sup>2</sup> =5.000	P=.025
2. Agents inserting handbills, number of days	Rejected	X <sup>2</sup> =64.300	P=.000
3. Quantity of handbills insertion in a month	Rejected	X <sup>2</sup> =72.200	P=.000
4. Time is taken by agents in handbills insertion	Rejected	X <sup>2</sup> =65.000	P=.000

Source: SPSS output

**Table 2:- Frequency and Percent Responses of Agents Getting Requests for Handbills Insertion and the Results of Tests Statistics**

S. No.	Insertion of Handbills	Number of Agents			
		Dharwad	Haveri	Karwar	Total
1	Yes	8	9	13	30
		(53.3%)	(32.1%)	(35.1%)	(37.5%)
2	No	7	19	24	50
		(46.7%)	(67.9%)	(64.9%)	(62.5%)
Total		15	28	37	80
		(100.0%)	(100.0%)	(100.0%)	(100.0%)
Test Statistics		$X^2 = 5.000$ ; $P=.025$ ; $CV = .160$ ; $P=.361$			

**Source:** Primary data

When the agents are asked about the insertion of handbills/pamphlets in the newspaper, 63 percent of the agents won't get the request for the insertion of handbills/pamphlets. About 38 percent of the agents get requests.

The chi-square value revealed a significant difference between 'yes' and 'no' responses, having 'no' responses significantly higher ( $X^2 = 5.000$ ;  $P = .025$ ); indicating, agents not getting the request for insertion is a significantly higher percentage. Cramer's V revealed a non-significant association towards agents getting requests for insertion of handbills/pamphlets in the newspaper and the different districts; indicating, similarity in the activity of handbill insertion among the agents across the three districts ( $CV=.160$ ;  $P=.361$ ); But, agents of Dharwad districts 53 percent getting request for handbill insertion is found to have a statistically higher percentage than the agents of Karwar 35 percent and Haveri districts 32 percent.

**Table 3:- Frequency and Percent Responses of Agents Inserting Handbills in Number of Days and the Results of Tests Statistics**

S. No.	Handbills Insertion in the Number of Days	Number of Agents			
		Dharwad	Haveri	Karwar	Total
1	No Insertion	6	19	25	50
		(40.00%)	(67.90%)	(67.60%)	(62.50%)
2	< 2 days	4	5	7	16
		(26.70%)	(17.90%)	(18.90%)	(20.00%)
3	2 - 5 days	4	2	5	11
		(26.70%)	(7.10%)	(13.50%)	(13.80%)
4	6 - 10 days	1	2	0	3
		(6.70%)	(7.10%)	(0.00%)	(3.80%)
Total		15	28	37	80
		(100.00%)	(100.00%)	(100.00%)	(100.00%)
Test Statistics		X <sup>2</sup> = 64.300; P = .000; CV = .212; P =.302			

Source: Primary data

The number of days the insertion of handbills/pamphlets in a month is observed. About 63 percent of the agents won't get the request for the insertion of handbills/pamphlets. About 20 percent of the agents get requests for insertion of handbills/pamphlets in the newspapers for less than 2 days in a month, followed by 13 percent of agents insert for 2 to 5 days in a month and 3 percent of agents insert 6 to 10 days in a month.

There is a significant difference between the number of days of pamphlets inserted in a month and the different districts, which is confirmed by the chi-square test ( $X^2 = 64.300$ ;  $P = .000$ ); indicating, "No insertion" is found to have a significantly higher percentage.

Cramer's V revealed a non-significant association between the number of days Pamphlets were inserted and the different districts ( $CV=.160$ ;  $P=.361$ ); indicating, similarity in the activity of insertion across the three districts. But, In Dharwad district (27 percent), agents inserting handbills/pamphlets for 2 to 5 days in a month are found to have a statistically higher percentage than the other two districts Karwar (14 percent) and Haveri districts (7 percent).

**Table 4:- Frequency and Percent Responses towards the Quantity of Handbills Insertion in a Month and the Results of Tests Statistics**

S. No.	Quantity of Handbills	Number of Agents			
		Dharwad	Haveri	Karwar	Total
1	No Insertion	6	19	25	50
		(40%)	(67.90%)	(67.60%)	(62.5)
2	<1000	4	7	8	19
		(26.70)	(25.00%)	(21.60%)	(23.80%)
3	-1000 - 5000	3	2	4	9
		(20.00)	(7.10%)	(10.80%)	(11.20%)
4	5000 and above	2	0	0	2
		(13.33)	(0.00%)	(0.00%)	(2.5%)
Total		15	28	37	80
		(100.00%)	(100.00%))	(100.00%)	(100.00%)
Test Statistics		X <sup>2</sup> = 72.200; P = .000; CV = .206; P = .343			

*Source:* Primary data

The number of handbills/pamphlets inserted in a month is observed. 63 percent of the agents won't insert handbills/pamphlets. About 24 percent of the agents insert less than 1000 copies of handbills/pamphlets, followed by 11 percent of agents who insert between 1000 and 5000 copies. Only 3 percent of the agents insert above 5000 numbers.

There is a significant difference between the number of pamphlets inserted in the newspaper and the different districts, which is confirmed by the chi-square test ( $X^2=72.200$ ;  $P=.000$ ); indicating, agents not inserting is a significantly higher percentage, followed by less than 1000 in a month.

Cramer's V revealed a non-significant association between the number of pamphlets inserted in a month and the different districts ( $CV=.206$ ;  $P=.343$ ); revealing, similarity in the number of handbills inserted among the agents in different districts. But in Dharwad districts, agents inserting handbills/pamphlets above 5000 copies are found to have a statistically higher percentage (20 percent) than in Karwar 11 percent and Haveri district 7 percent.

**Table 5:- Frequency and Percent Responses towards Time Taken by Agents in Handbills Insertion in a Month and the Results of Tests Statistics**

S. No.	Time is Taken to Insert the Handbill (Minutes)	Number of Agents			
		Dharwad	Haveri	Karwar	Total
1	No Insertion	6	19	25	50
		(40%)	(67.90%)	(67.56%)	(62.5)
2	<15 Minutes	5	5	3	13
		(33.33%)	(17.85%)	(8.10%)	(16.25%)
3	15 - 25 Minutes	2	4	3	9
		(13.33%)	(14.8%)	(8.10%)	(11.25%)
4	30 Minutes and above	2	0	6	8
		(13.33%)	(0.00%)	(16.00%)	(8.75%)
Total		15	28	37	80
		(100.00%)	(100.00%)	(100.00%)	(100.00%)
Test Statistics		$X^2 = 65.000$ ; $P = .000$ ; $CV = .257$ ; $P = .102$			

**Source:** Primary data

As far as the time taken by agents to insert handbills/pamphlets in the newspaper is observed. 63 percent of the agents won't insert handbills/pamphlets. About 16 percent of the agents take less than 15 minutes to insert Handbills/pamphlets in the newspapers. 11 percent of the agents take 15 to 25 minutes, and about 9 percent of agents take 30 minutes and above to insert.

There is a significant difference between the time taken by agents in insertion and the different districts, which is confirmed by the chi-square test ( $X^2=72.200$ ;  $P=.000$ ); no insertion is found to have a significantly higher percentage.

Cramer's V revealed a non-significant association between the time taken to insert pamphlets and the different districts ( $CV=.206$ ;  $P=.343$ ); indicating, similarity in the duration of handbill insertion across the different districts. In the Dharwad district, agents taking less than 15 minutes in inserting handbills/pamphlets are statistically higher percentages compared to the other two districts Haveri 18 percent and Karwar district 8 percent followed by 15 to 30 minutes.



## **9. Findings**

- The majority of the agents won't get a request for the insertion of handbills/pamphlets. Handbill insertion frequency and quantity are comparatively more among agents in cities than in semi-urban and rural places.
- About 20 percent of the agents get a request for insertion of handbills/pamphlets in the newspapers for less than 2 days in a month, followed by 2 to 5 days in a month (14 percent). Insertion activity revealed a significant difference in the number of days in a month, and in the number of Pamphlets, between the different districts.
- About 23 percent of the agents insert less than 1000 copies of handbills/pamphlets in the newspapers, and 11 percent of agents insert between 1000 copies and 5000 copies.
- The primary data revealed a similarity in the pattern of insertion between three districts in a month. However, in the Dharwad district, about 27 percent of the agents insert handbills/pamphlets for 2 to 5 days a month. This percentage seems to be higher as compared to Haveri and Karwar districts.
- About 16 percent of the agents take less than 15 minutes to insert handbills/pamphlets in the newspapers, followed by 15 to 25 minutes (11 percent), and 30 minutes and above (9 percent).
- The higher the number of handbills to be inserted, the higher will be the time consumed in the insertion, resulting in a delay in the delivery of newspapers and a notional loss of advertisement revenue to the companies.

## **10. Conclusion**

There is a similarity in the pattern of insertion between three districts in a month. The insertion of handbills is higher in Dharwad city than in the other two districts. The higher the number of handbills to be inserted, the higher will be the time consumed in the insertion, resulting in a delay in the delivery of newspapers and a national loss of advertisement revenue to the companies. Handbill insertion activity is high among the city agents than among the agents in other smaller places. There is a significant difference in the agents' activity of handbill insertion, getting requests for insertion, and insertion on the number of days, quantity, and time taken to insert handbills in the newspaper in the three districts. Insertion of handbills and advertisement materials at the agent's level leads to delays in the delivery of newspapers to readers. Agents must be instructed to hand over handbills to delivery boys and ask them to deliver newspapers along with a handbill at the

point of delivery. This is an effective measure to avoid delay. A further study may be undertaken on the financial loss to newspaper companies by the activity of handbill/flyer insertion.

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## **Study of Start-up Incentives in Promoting the Start-ups in Uttar Pradesh**

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### **Abstract**

As we know the Start-up program which is started by the central government for promoting self-employment. It is run by 'The Ministry of Commerce and Industry'. The purpose of this program is to develop a business model with innovation and further improvement of products & services. According to Department for Promotion of Industry and Internal Trade (DPIIT), states like Maharashtra, Karnataka, New Delhi, Uttar Pradesh, and Gujarat have the highest number of start-ups. The objectives of the policy are to develop and promote an attractive business ecosystem in Uttar Pradesh by offering congenial, business-friendly, progressive reforms, initiatives, and unique value propositions, nourish entrepreneurship and innovation by providing inputs to start-up incubators, and centers of excellence while generating employment opportunities for the youth in state lead digital improvement through the creation of citizen center services whereby welfare is generated across all sectors of society and promote human capital development and infrastructure development by mean of IT Cities, IT Parks, and IT Business Process Management units.

### **Keywords**

Start-up program, Business ecosystem, Entrepreneurship, Start-up incubators, and Digital improvement.

### **1. Introduction**

Businesses frequently use the term "Start-up" as a very popular or fashionable word. But despite common opinion, the start-up term is not exclusively used to describe persistent tech companies but they are, in general, companies that satisfy the points below:

- Those companies that incorporated more than 30 workers.
- Those companies which were funded by advance lending from outside investors or boots trappers. Financed by outside investors, bootstrapping or loans, etc.

- These companies are still not considered grown-up companies because they are not equipped to be obtained and experienced rapid growth or fall. Mainly there are five essential types of start-ups and each has a different or unique strategy for scaling. Below are the types:
  - 1.1. Self-established start-ups.
  - 1.2. Buyable start-ups.
  - 1.3. Expandable start-ups.
  - 1.4. Outgrowth start-ups.
  - 1.5. Community start-ups.

### **1.1 Self-established Start-ups**

These types of start-up companies are normally self-sustained and self-funded which is designed to produce revenue in its starting day, doing functions at their own pace without getting investments, started by regular people to work with an existing model of business. The most appropriate words for defining these self-established small business start-ups are that they are self-reliant and independent companies consisting of small teams. The bigger endpoint for most businesses is some form of acquisition or financial infusion. That's why small business start-ups are different. These entrepreneurs, which range from sole proprietorships and partnerships to small teams, and are content to remain start-ups as they market their goods and services. They also develop at their rate even though they are interested in progress. Since these firms are frequently self-funded or bootstrapped, there is less need to scale up right away or satisfy the demands of investors right away. The ideal examples include grocery stores, hair salons, bakeries, and travel agencies.

### **1.2 Buyable Start-ups**

These types of start-ups are usually associated with the technology and software industry. The main goal behind these types of start-ups is to generate a product in the market and then intended to be sold to a larger company. Buyable start-ups are not intended to grow into billion-dollar businesses. Alternatively, they are made to be sold to big corporations for millions of dollars. This represents that investors face a significant risk from it but business owners facing the challenge of trying to sell off a failing company face greater risk. They are constantly raising their start-ups from crowd funding and angel funding.

Giants like Amazon and Uber purchase start-ups to grow and profit from them over time. For example, Ola acquired TaxiForSure and Ibibo acquired redBus, etc.

### **1.3 Expandable Start-ups**

These firms typically scale themselves consistently without using a traditional exit strategy. These start-ups are also known as scalable start-ups. Scalable start-ups are meant to be huge from the beginning. These start-ups are appropriate for those people who have complete knowledge of the market and the capacity to quickly and effectively seek further market opportunities. They have the potential to grow their revenue while lowering incremental costs. The majority of entrepreneurs think their goals and missions will change the world. The best and the brightest are hired by these start-ups. They used to seek out additional venture capitalists to expand their business. For example, Google, Facebook, Uber, and Twitter.

### **1.4 Outgrowth Start-ups**

These types of start-up companies are created by owners of large companies or existing companies. These are typically a small subset of larger corporations. These companies are also known as off-shoot start-ups or spin-off start-ups. For offshoot start-ups, starting from scratch is not always an option. They are established independently from noteworthy parent companies. These are also known as self-explanatory startups. Companies that split off from bigger corporations simply mean that not all types of start-ups are started from the ground. Simply putting into meaning that these types of start-ups spin off from bigger parent corporations for becoming their entities. They can operate freely and experiment with new things without much scrutiny or attention.

### **1.5 Community Start-ups**

Community start-ups are also known as social start-ups whose main aim is to fulfil social missions. Social start-ups are those entrepreneurs who are creating non-profit organizations and charitable companies and combining them with the pursuit of profit-making, but their ultimate objective is to help and improve the environment. Making the world a better place is the only goal of social start-up entrepreneurs. They are initiating the route towards wealth creation to improve the world. Prime examples of community start-ups are Facebook, Netflix, and Airbnb, etc.

## 2. Review of the Literature

- **Mittal and Garg (2018)** analyzed that the Start-up India program launched by the government of India offers several benefits to start-up units just as tax exemptions, easy access to funding, simplified compliance procedures, and faster exit procedures and incubation facilities.
- **Casanova et al. (2017)** outlined the government programs and schemes that support market innovation by providing debt and equity financing. Numerous nations had put in place programs to finance entrepreneurial businesses using grants, debt financing, or venture capital.
- **Garg (2016)** studied the difficulties and obstacles faced by Indian start-ups as consisting of the lack of resources in terms of facilities, skilled employees, finance, and absence of mentorship. The study concludes that start-ups are leading innovations, but they required government support and motivation to do so. He also found a positive relationship between growth and government initiatives provided for start-ups.
- Despite the government launch of various programs, schemes, supports, benefits, and policies promoted for start-ups, there is not enough awareness. **Agarwal (2015)** identified that even though entrepreneurship is now gaining ground quickly in India. Further, raising awareness needs to be done among the people. Especially, in rural and impoverished areas about entrepreneurship and providing support systems for creating their own business ventures or start-up units in the country.
- **Guan and Yan (2015)** studied the impact of specific government fiscal incentives special loans and tax credits which have a positive influential effect on businesses' ability to innovate economically and the performance of firms. It was discovered that no government financial incentive was linked to the patents of either high-tech or non-tech companies.

## 3. Need of the Study

For a fast-growing economy like India, start-up units are vital for making more organizations to coming towards for World's most uplifted economy registered start-ups. Researchers have explained the Financial Incentives, judged the impacts of special loans & tax credits, and also studied the problems of start-ups like lack of infrastructure, competent employees, finance & absence of mentorship but they have not discussed all kinds of incentives provided by the government & utilities of all these in promoting start-up. The purpose of this research paper is to study the incentives provided by the government for promoting start-ups and to know how to use these incentives for contributing towards economic growth in the country.

#### 4. Objectives of the Study

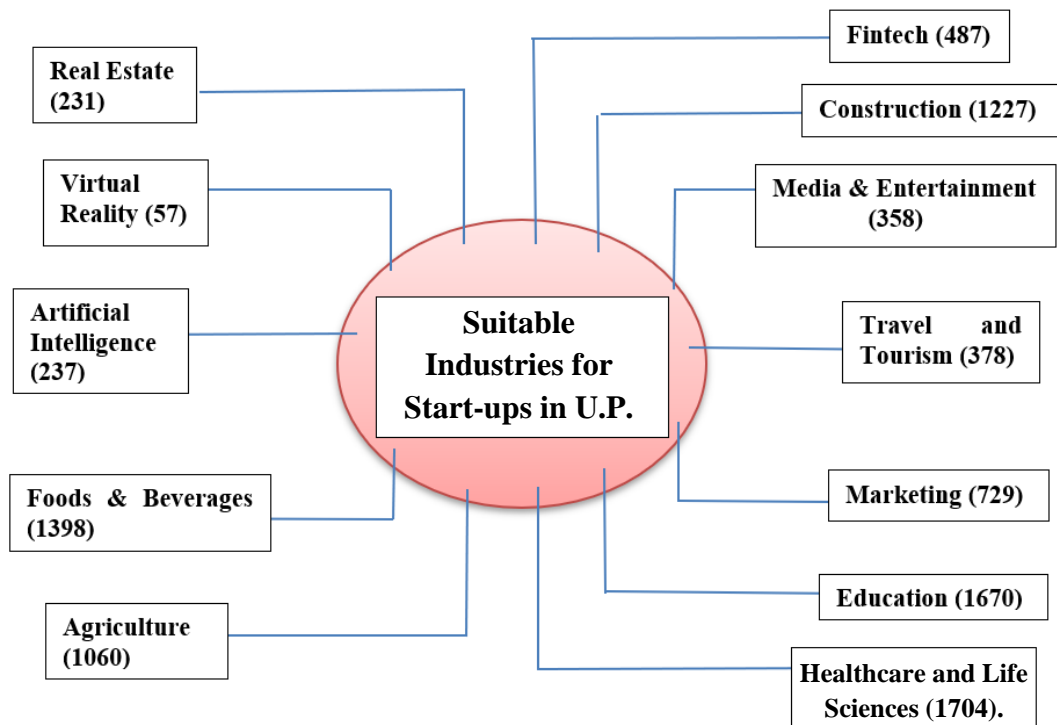
- 4.1 To study the different kinds of incentives provided by the government for promoting start-ups.
- 4.2 To know the usefulness of incentives in promoting start-ups.

#### 5. Research Methodology

The information used in the research paper was collected from research papers, journals, magazines, reports, and other related websites which mainly focused on start-up incentives in promoting start-ups from the year 2016 to the present in Uttar Pradesh.

#### 6. Suitable Industries for Start-ups in Uttar Pradesh

By exploring towards the best start-up industries not only assist you to recognize the industry you connect with but can provide you the direction with a better opportunity for success in emerging industries. The diagram below represents the number of start-ups in Uttar Pradesh in suitable industries.



Source: [www.startupindia.gov.in](http://www.startupindia.gov.in)

**Figure 1:- Suitable Industries for Start-ups in Uttar Pradesh**

**Table 1:- Total Number of Industries Registered for Start-ups in Uttar Pradesh**

S. No.	Industries	Total Number of Registered Start-ups in the U.P.	Names of Start-ups
1.	Fintech	487	Tiptalk (Noida), Kirana Pe Technology Pvt. Ltd. (Lucknow), JV LLP (Noida), Finswealth (Varanasi), Sindhuja Microcredit Pvt. Ltd. (Gautam Buddha Nagar) etc.
2.	Construction	1227	Techpine Engineering Pvt. Ltd. (Noida), Bhojpur Construction (Lucknow), Grano Infra Pvt. Ltd. (Noida), Massive Infratech Pvt. Ltd. (Sonbhadra), Shinessar Infratech Pvt. Ltd. (Ghaziabad) etc.
3.	Media and Entertainment	358	Answer Ventures Pvt. Ltd. (Allahabad), WAAHTV (Lucknow), EVS Digital (Gautam Buddha Nagar), Dancebuzz (Noida), MEMETA (Noida), etc.
4.	Travel and Tourism	378	Redgotrip Pvt. Ltd. (Allahabad), Karyana: Self Drive (Noida), Tunis Solution Pvt. Ltd. (Varanasi), Bizcorp Hospitality Pvt. Ltd. (Lucknow), Ap2 Tourism & Hospitality Pvt. Ltd. (Etawah) etc.
5.	Marketing	729	Nehi Organics World Llc (Gautam Buddha Nagar), Aadya Associates (Gorakhpur), SGI (Nau), Happy Services (Firozabad), Digital Marketing Pvt. Ltd. (Noida) etc.



S. No.	Industries	Total Number of Registered Start-ups in the U.P.	Names of Start-ups
6.	Education	1670	Dayanand Consultancy Services Pvt. Ltd. (Kanpur), Gyansagar (Gautam Buddha Nagar), Ambitio (Noida), Kurukshetra (Allahabad), Enchanted Solutions (Allahabad), etc.
7.	Healthcare & Life Sciences	1704	SS Medical Solutions (Ghaziabad), Shiva Sales (Ghaziabad), HHA Healthcare Pvt. Ltd. (Noida), Quantum Nutrition (Gautam Buddha Nagar), Meddics Hospital (Lucknow), etc.
8.	Real Estate	231	Raza Infra Projects Pvt. Ltd. (Gautam Buddha Nagar), Realestment (Ghaziabad), Oxy Estate (Noida), NDJ colonisers Pvt. Ltd. (Gautam Buddha Nagar), Shreema Infrearealty Pvt. Ltd. (Varanasi) etc.
9.	Virtual Reality	57	Mythyaverse Pvt. Ltd. (Noida), Metaweds (Mirzapur), Innotekverse Pvt. Ltd. (Ghaziabad), NEXXR (Lucknow), Rising Sun Software (Noida), etc.
10.	Artificial Intelligence	237	WEU Technologies (Noida), AIINOVA Technology Pvt. Ltd. (Noida), CRABO AI (Lucknow), JIVATU Technologies Pvt. Ltd. (Ghaziabad), Qligence Capital (Noida), etc.
11.	Foods & Beverages	1398	Bootup Foods And Beverages Pvt. Ltd. (Ghaziabad), Healthybox (Lucknow), JOLLYTOP (Ghaziabad), FITBITE (Gautam Buddha Nagar), Ikaya Earth (Noida), etc.

S. No.	Industries	Total Number of Registered Start-ups in the U.P.	Names of Start-ups
12.	Agriculture	1060	Vedic Agrovat (Firozabad), Premium Farms (Allahabad), Bharat Techno farms LLP (Bareilly), Anjani Sheetalaya International Pvt. Ltd. (Hardoi), Smartkisan Bio And Chemicals Pvt. Ltd. (Jhansi) etc.

Source: [www.startupindia.gov.in](http://www.startupindia.gov.in)

## 7. Incentives Provided by Central Government for Promoting Start-up India Program in Uttar Pradesh

1. **Simple Procedure-** For easy registration of start-ups, anyone can set up their start-up unit by filling up the form which is available on the website and uploading all the required documents. The government of India made it easy to fill the entire process online which saves time as well as money. For making it reachable to the needy person, the government launched a mobile app as well as a website for start-up units.
2. **Cost Abatement-** With the help of facilitators of trademarks and patents, the government reduces the extra cost incurred by the start-up units. These facilitators will come up with high-quality IPRS (Intellectual Property Right Services) and provide speedy inspection of patents at lower fees. On behalf of the facilitator, the government will bear all the fees and the units will bear only the statutory fees. They will get an 80 percent reduction in the cost of filing patents.
3. **Easy Access to Available Funds-** For availing 10,000 crore rupees fund which is set up by the government to provide funds to the start-up units as venture capital. The government has assured the lenders for motivating banks and other financial institutions for providing venture capital.
4. **Tax Holiday Exclusion-** The government of India will be exempted the start-up units from income tax for 3 years and with a certificate from the Inter-Ministerial Board (IMB).
5. **Tender Registration-** Start-up units can appeal for government tenders. They are exempted from the “prior experience/turnover” criteria applicable for normal companies answering government tenders.

6. **Research & Development Facilities-** To facilitate the research & development sector, GOI will establish seven new research parks.
7. **Less Time-consuming Laws-** To liberate time and money, the Government of India provides various compliances which have been simplified for start-ups. Start-ups shall be allowed to self-certify compliance (through the Start-up mobile app) with 9 labor and 3 environment laws.
8. **Tax Saving for Investors-** People investing their capital gains in the venture funds set up by the government will get an exemption from capital gains. This will help start-ups to attract more investors.
9. **Freedom to Choose Investors-** Government will provide an option for start-ups to choose between the VCs, giving them the liberty to choose their investors.
10. **Easy Winding up-** In case of winding up of start-ups – A start-up can close its business within 90 days from the date of application of winding up.

## **8. The Usefulness of Government Incentives for Start-ups**

Prime Minister Narendra Modi unveiled a slew of incentives to boost start-ups in January as part of the Start-up India Initiative. A corpus of Rs. 10,000 crore corpus for innovation-driven enterprises, and Rs. 500 crores per year credit guarantee mechanism and a 3-year break from paying income tax on profits were introduced. Capital gains tax exemption for start-ups was also introduced along with a range of incentives which are enumerated below.

**8.1 Action Plan for Start-ups-** An action plan to help entrepreneurs, play a transformative role in India's development was unveiled. Businesses to date had to comply with various central and state laws about labor and the environment. Non-compliance with these laws would result in severe penalties and fines. To do away with these complex procedures, start-ups would now be able to self-certify their compliance requirements with nine labor and environmental laws without being inspected periodically as is the norm currently and receive faster approvals. Compliance would be checked only if there is a written complaint against the start-up.

Start-ups will obtain an 80 percent rebate in patent registration fees compared to other companies to protect intellectual property. Start-ups are high-risk ventures and about 90 percent of start-ups fail currently. In case, a start-up fails, working off a faster exit arrangement is also taken place in case an entrepreneur wants to close his business. A business would be able to wind up within 3 months and for this purpose, suitable provisions will be made in the Bankruptcy and Insolvency Bill in the parliament.

**8.2 Tax Exemption-** “Entrepreneur-friendly taxation regime” would be introduced for start-ups to ease the tax burden on them. Tax exemption under three different schemes has been provided as part of the action plan. According to Budget 2016, it has been proposed to insert a new Section 54EE to provide an exemption from capital gains tax if the long-term capital gains proceeds are invested by an assessee in units of specified funds subject to the condition that the amount remains invested for three years failing which the exemption shall be withdrawn. It permits the limit of investment in the units of the fund is up to Rs. 50 lakhs. It also proposes to amend section 54GB to provide relief to an individual willing to set up a company by selling a residential property to invest in the shares of such a company. The section would provide that long-term capital gains arising on account of the transfer of a residential property are tax-free if the investments of such capital gains in subscription of shares of a company that qualifies to be an eligible start-up.

A start-up would be eligible to obtain these exemptions only after obtaining certification from the Inter-Ministerial Board, which has been instituted for this purpose. This board would assess the innovative nature of the business to grant the exemptions. A detailed note on the eligibility criteria for start-ups. To provisions that are in sync with the current trend of start-ups wherein the usage of technology is primarily with computer software and hardware for the core asset base owing to the nature of the business activity, amending section 54GB in which the expression “new asset” includes computers or computer software in case of technology-driven start-ups so certified by the Inter-Ministerial Board of Certification.

**8.3 Other Incentives-** Other incentives include a new scheme for intellectual property rights protection and faster registration of patents. The government also intends to set up facilitation centers for the provision of free legal advice and other support to small businesses to help them with compliance requirements. Procurement norms are also proposed to be relaxed to ensure that start-ups can participate and compete with established businesses. Policies to enable women entrepreneurs, sector-specific incubators and the establishment of bio clusters for the biotech sector are some of the other highlights. Incubators’ investments that are above the fair market value are exempt in line with the current exemption available to venture capital funds to invest in start-ups above the FMV. Funding support up to Rs. 10 crores to set up new incubators while individual states and the private sector would provide 40 percent and 20 percent respectively.

## 9. Conclusion

The paper analyses the support provided by the government for start-ups in the state of Uttar Pradesh. Many schemes have been initiated for creating a start-up ecosystem in the state. Incentives like tax exemption to ease the burden on start-ups, various central and state laws to labor and environment, the faster registration process of applying for patents, free legal advice to small businesses, etc. are some of the initiatives taken by the government to support start-up units registered. For availing these initiatives by start-up units, the government must introduce awareness programs to entice high net-worth start-up units around the state and it will also help the start-ups to overcome in delaying of implementation of the schemes by knowing ourselves. To sum up, the government has recognized the importance of establishing start-up units and introduced many schemes like Pradhan Mantri Mudra Yojana, ZED Certification Scheme, etc. to support the start-ups in Uttar Pradesh. This will lead to establishing of a vibrant start-up ecosystem in Uttar Pradesh, which will contribute to economic growth in terms of reducing unemployment, creating a better standard of living, developing new ways of investment opportunities, export promotion, and better outsourcing of services, etc.

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## **An Invaluable Compendium of Netnography as a Qualitative Social Media Research Tool**

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### **Abstract**

#### **Purpose**

The aim of this paper is to provide an overview of Netnography as a research method. In addition, several instances of netnographic investigations in social sciences will be discussed in the study. Netnography is far less time consuming in terms of data collection; however, it requires a new set of skills due to the specificities of computer-mediated communication and its dramatically increased field site accessibility, which necessitates choices about field sites and decisions about the types of data to gather and analyze.

#### **Design/Methodology/Approach**

This paper focuses on the methodological specificities of Netnography, focusing on its context of application, the method's definition, and the research design: from the objectives and research questions' setting, to site selection and cultural entrée, to the type of data to be collected, to the way to classify, analyze, and represent them. Furthermore, it is significantly less intrusive than conventional ethnography since it allows for researcher invisibility: cyberspace permits researchers to remain invisible to those being watched. This enables for the documentation of informants' clear language without the risk of obtrusiveness and disruption.

#### **Originality/Value**

The paper suggests that Netnography and Ethnography are both realistic and unobtrusive ways of researching social processes in their everyday settings. They are multi-method, methodologically flexible, and adaptable, not restricting themselves to certain processes but rather being open to field challenges. However, there are several significant differences between Netnography and Ethnography. In terms of accessibility and study design, online entrée differs from face-to-face entrée.

#### **Keywords**

Netnography, Ethnography, Online communities, Qualitative methods, Social research methods, and Cultural netnography.

## **1. Preamble**

Netnography is a subset of qualitative social media research. It employs ethnographic methodologies to comprehend social interaction in current digital communication situations. Netnography may be defined as a specific set of actions for conducting research within and about social media. Netnography is a subset of research procedures based on participant observation for data collection, analysis, research ethics, and portrayal. A considerable proportion of data in netnography originates and emerges as digital traces of spontaneously occurring public conversations collected by modern communications networks. These talks are used as data in netnography. It is an interpretative research approach that applies anthropology's traditional, in-person participant observation methodologies to the study of interactions and experiences manifested through digital communications (Kozinets 1998).

The term netnography is a portmanteau combining "Internet" or "network" with "ethnography". Netnography was developed in 1995 by marketing professor Robert Kozinets as a means of analyzing online fan interactions pertaining to the Star Trek brand. The method's applicability ranged from marketing and consumer research to education, library and information sciences, hospitality, tourism, computer science, psychology, sociology, anthropology, geography, urban studies, leisure and gaming studies, and human sexuality and addiction research. Netnography is a research approach for examining online consumer culture. It tries to deconstruct the cultural norms and expressions that impact consumption choices within the groups under study by examining organically occurring online debates and events. It considers social media to be much more than likes, reposts, influencers, and keyword occurrences. To ethnographers, social media are expressions of cultural phenomena, making them perfect sites to gain a rich and contextualized understanding of consumers. To make sense of such cultural data, the researcher acts like a fly on the wall, observing but without meddling.

Almost every product category, from diapers to cosmetics, cancer treatments to gardening equipment (to name a few that have been investigated using Decipher Analytics), is the topic of intensive online discussion involving significant numbers of customers. The same is true for larger hunting grounds" such as health, attractiveness, togetherness, and so on. Deep insights about customers may be obtained by examining these online interactions, which can be extremely beneficial for marketing, product, innovation, and strategy managers.

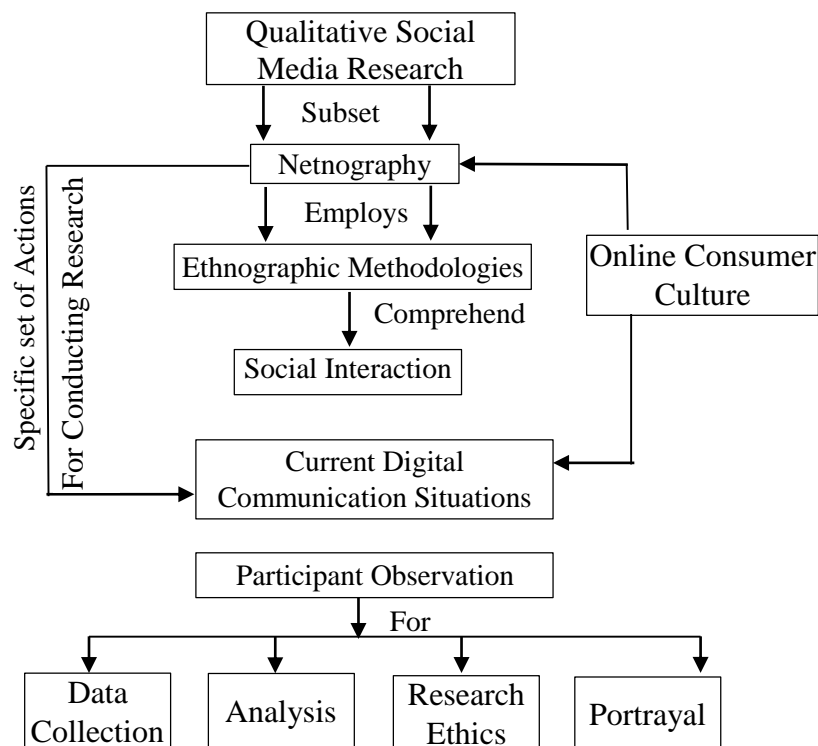
Findings from netnographic studies, being a qualitative method, are not necessarily typical of the offline communities that correlate to those investigated online. Such data must be gathered from different sorts of investigations. Instead, the strength of netnography is that it generates insights that are not easily



accessible through conventional approaches. Furthermore, online groups are frequently one step ahead of mainstream consumers, making netnography beneficial for detecting possibilities early.

Netnography is significantly distinct from content analysis. While content analysis turns qualitative information into quantitative data, netnography seeks a qualitative knowledge of the group or issue in question. Nonetheless, quantitative approaches may be utilized to assist and supplement the qualitative research process. This allows for netnographic studies of communities and information sources that are hundreds or even millions of times bigger than what is achievable with the old, purely qualitative technique.

The goal of data-driven netnography is to assist the researcher in orienting themselves in a big body of knowledge. The ethnographer might avoid spending time filtering through the noise by disclosing the structure of the discourse, such as common subjects, themes, and codes. It also allows the ethnographer to use both bottom-up and top-down search techniques: becoming acquainted with the content by studying topics that emerge from the data is often most relevant at the start of the research process, whereas finding content related to a specific topic of interest can be more useful later on.



Source: Author's Compilation

**Figure 1:- Netnography as a Media Tool**

## **2. Data-driven Netnography Process**

To start working with data-driven netnography, follow the five steps below.

### **2.1 Define the Research Question and Scope**

Make sure you understand why you want to study what you want to study. This influences the source selection and research process. Are you curious about... a phenomenon? "Energy boost," "sunbathing," "beauty on the go," and "quality meals" are some examples from our customer initiatives. These broad themes tend to yield more relevant insights than restricted and specialized issues. If the research is centered on a phenomena, it is typically preferable to analyze relevant debates everywhere they occur on the internet rather than confining to certain sources. We used data from specific parenting forums, for example, while studying parenting trends and tribes.

- Is it a consumer group? Chinese visitors to Germany, parents with young children, cystic fibrosis patients, and Hi-Fi nerds are all examples from our research. When a consumer group is the center of a study, we are interested in everything they say, not simply in regard to a certain issue. When we studied cystic fibrosis patients, for example, we wanted to know what their typical day looks like, what support structures they have access to, how they alleviate their illness's symptoms, how closely they adhere to their prescribed treatments, and whether they experiment with non-prescribed substitutes. Despite the fact that only 70,000 people worldwide have been diagnosed with cystic fibrosis, they have formed a robust online community with millions of messages.

### **2.2 Locate the Community and Relevant Discussions**

The sources to be used are determined by the research issue and the scope of the project. The majority of publicly available cultural data falls into the categories listed below.

- Internet forums devoted to certain themes. There are forums dedicated to travel, fashion, health, family life, and practically every other topic imaginable. Forums are frequently used to bring together people who have the same interest, and conversations flow freely as people debate issues of interest and trade advice. The enormous volume of unnecessary material is a difficulty, since talks tend to get off subject.
- Online product reviews within a product area of interest. Review analysis can assist the ethnographer learn what consumers value in items and what problems they see.

- Posts on social media. When compared to online forums, huge social networks have a far larger audience. Popular material spreads quickly and far because of the opportunity to repost others' postings. Geographers may investigate debates in big and small social groups using social networks. The fact that social media posts typically provide short narratives makes them suited for examination.
- Platforms for exchanging images. Images demonstrate what individuals wish to share. They enable us to investigate signaling and status - how individuals want to be regarded and what they consider cool, attractive, and intriguing. Images are very effective for researching phenomena involving objects and physical space. For example, in a netnographic research to uncover developing breakfast notions, we investigated photos to determine what breakfast truly means. We were amazed by the wide range of what, how, and where breakfast is prepared and enjoyed. These discoveries would not have come from reading alone.
- Platforms for sharing videos. A video is a potential gold mine of customer information if a picture is worth a thousand words. Videos of people displaying what their houses look like gave crucial information in a netnographic research regarding what makes a decent home.

### **2.3 Collect and Prepare the Data**

Data driven netnography necessitates the collection of data to be investigated. When determining the downloading criterion, it is preferable to be overly generous rather than too stringent. The most essential thing is to ensure that all pertinent information is downloaded. Irrelevant data can be simply sorted out afterwards.

A wide number of helpful sources are accessible for keyword-based downloading straight inside the app in Decipher Analytics. If you need data from other sources, please contact us and we will connect you with one of our data vending partners.

After downloading the data, your first step will be to perform operations to clean and organize the data. To create more relevant and manageable chunks of text, duplicates should be deleted, date formats should be standardized, and texts should be separated. All of these precautions are simple to put in place using Decipher Analytics' smart text cleaning procedures.

### Figure 2:- Process of Online Netnography

The ethnographer will now want to know what debates are going to take place in the community or in regard to the phenomena under investigation after collecting and cleaning the data. Using the classic netnographic technique, this would be accomplished by manually reading postings. With hundreds or perhaps millions of postings, this would be time-consuming at best.

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are representative of each theme (with another simple drag-and-drop). This expedites notion exploration and understanding. Themes can also be named, allowing you to measure the size and relationship between them.

### **2.5 Map Consumer Tribes**

The tribe's framework is derived from anthropology and serves as a strong alternative to typical consumer segmentation strategies. A tribe is a group of people who share a set of ideals and reject the values of other tribes. Members of a tribe place significance on specific images, objects, and rituals that are difficult for outsiders to comprehend. In a consumption environment, icons are often influencers and brands; artifacts are physical or virtual items and other objects; and rituals are behaviors that have some common value. The hiking tribe has distinct ideals, iconography, artifacts, and rituals from the beer brewing tribe, which is distinct from the productivity tribe.

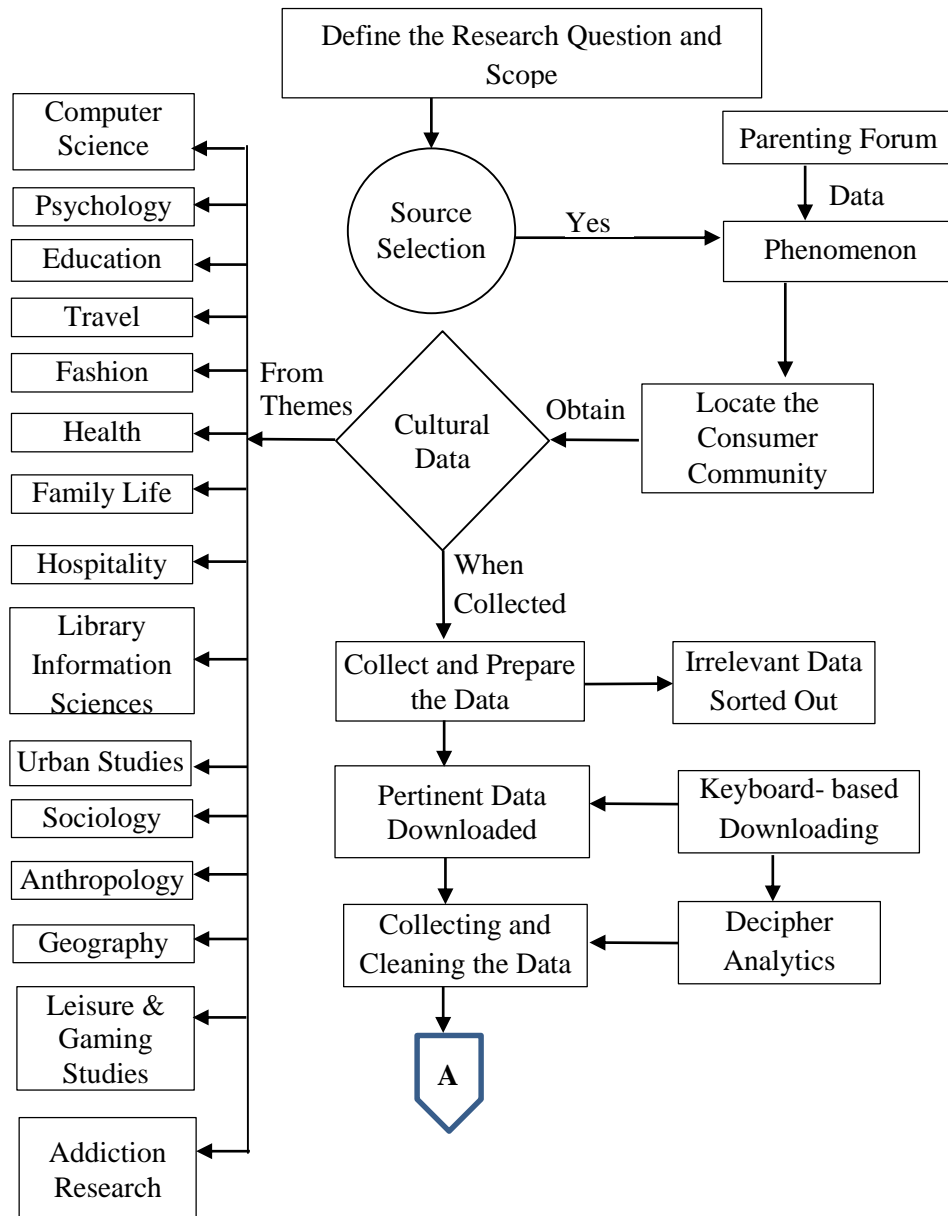
Building a comprehensive image of a tribe - its values, iconography, artifacts, rituals, norms, story, conceptions of status, and so on - may be extremely helpful in engaging with and discovering value-added possibilities for various groups of customers. Building a comprehensive image of a tribe - its values, iconography, artifacts, rituals, norms, story, conceptions of status, and so on - may be extremely helpful in engaging with and discovering value-added possibilities for various groups of customers.

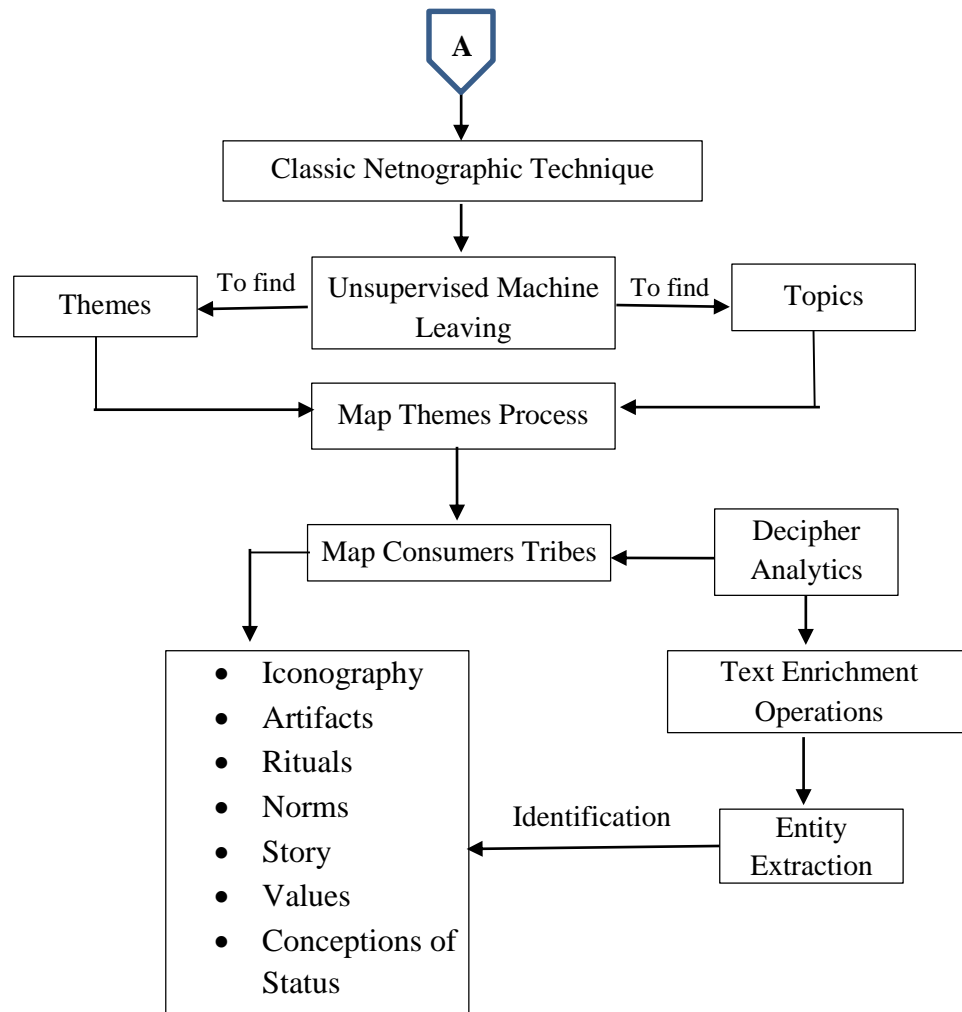
Decipher Analytics provides tools for helping the netnographic researcher accelerate the process of mapping tribes. After having labeled topics, Decipher can cluster these labels so that topics discussed by the same people are located in the same cluster. In this way, each cluster corresponds to a tribe, making it fast to map the discussions of that particular tribe. Decipher's text enrichment operations, such as entity extraction, can be useful for identifying icons, artifacts, and rituals associated with a tribe.

## **3. Community and Cultural Netnography**

Netnographers place a high value on the fact that people use computer networks to access cultural resources and develop a sense of community. As a result, because this is a brief summary of a larger work or field of knowledge, it must deal with two of the most complex and contentious terms in English: culture and community. This section is dedicated to ensuring that these concepts are fully defined, as well as their application and use in netnography. Despite the term's popularity in describing the sharing of various types of online communications, there has been considerable academic debate about its appropriateness. During the period known as 'Web 1.0,' the online experience was often more akin to reading

a book than engaging in a conversation. Originally, it was assumed that members of online groups almost never met in person. Participants were generally supposed to retain their anonymity in the early beginnings of online communities. Many of the exchanges in which members participated appeared, at first glance, to be brief and generally informative or utilitarian in character. Yet the notion that online gatherings were somehow a form of community was present from the beginning and has persisted. Community and culture can be found in many of the familiar forums and 'places' of the Internet. A forum, a blog or microblog, a wiki, or a site devoted to photo or video enthusiasts, as well as podcasts and vlogs, can all carry culture and serve as a community (video blogs). Social networking platforms and virtual worlds contain intricate cultural indicators that express as well as produce new interactions and groupings. Although newsgroups, bulletin boards, and chat rooms are "old-school" communities, they may never become obsolete. Not only is it socially acceptable for individuals to reach out and connect through this plethora of computer-mediated connectedness, but these 'places' and related activities have also become routine. E-mail, once lauded as the Internet's "killer app," turns out to be only the tip of the communally linked iceberg. The useful term 'virtual community' was developed by Internet pioneer Howard Rheingold (1993), who defined virtual communities as 'social aggregations that emerge from the net when enough people carry on . . . public discussions long enough, with sufficient human feeling, to form webs of personal relationships in cyberspace'. People in online communities, according to Rheingold (1993), exchange pleasantries and argue, engage in intellectual discourse, conduct commerce, exchange knowledge, share emotional support, make plans, brainstorm, gossip, feud, fall in love, find and lose friends, play games, flirt, create a little high art, and a lot of idle talk. Hiltz (1984) investigated the issue and created the phrase "online community" over a decade earlier, placing these groups in the sphere of labor rather than pleasure (Hiltz and Turoff 1978). It emphasizes the cultural significance of this information. Netnographic data can take three or more forms because it is participant-observational research: (a) data that the researcher directly copies from online community members' computer-mediated communications; (b) data created through the collection and recording of online community events and interactions; and (c) data that the researcher inscribes. Each of them will be described, and specific recommendations will be made to assist the researcher in acquiring the appropriate type of netnographic data required for certain research projects.





Source: Author's Compilation

**Figure 3:- Data-driven Netnography Process**

#### 4. Methodological Specificities of Netnography

The expanding number of internet-based studies, together with ongoing advances in computer-mediated communication, provide a new sector for social research while posing several methodological obstacles. The paper focuses on a specific research method known as Netnography (Kozinets 2002, 2010, 2015); Cyber Ethnography (Morton 2001), Ethnography of Virtual Spaces (Burrell 2009), Internet ethnography (Boyd 2008), Ethnography on the Internet (Beaulieu 2004),



Internet-related ethnography (Postill and Pink 2012); Digital Ethnography (Murthy 2008), Webnography (Murthy 2008), (Puri 2007).

Among these alternative labels, we believe that Netnography best captures the nature of this method because it clearly implies the idea of a qualitative research approach that adapts traditional ethnographic techniques to the study of the "net," which is the online communities, practises, and cultures formed through computer-mediated communications. While the phrase certainly refers to conventional ethnography, it also implies that doing online ethnographic research is distinct from its offline counterpart. Ethnography is the study of social interactions, behaviors, and perceptions of communities in their own time and space, as well as in their own everyday lives (Burawoy et al. 1991), with the goal of producing detailed, rich, holistic, and situated accounts and understanding of the cultures, perspectives, and practises of communities. The term "thick description" refers to the practice of paying attention to contextual detail when observing and interpreting social meaning during a qualitative research study.

A detailed description of a social event or action considers not just the immediate behaviors of individuals, but also the contextual and experienced understandings of those behaviors that make the event or action meaningful. Ethnography and Netnography are both naturalistic, unobtrusive ways of researching social behaviors in their everyday contexts (Kozinets 2010). They are both constructed on the mixture of multiple research methodologies, are methodologically flexible and adaptive, and do not limit themselves to following certain processes, but rather stay open to difficulties that arise in the field (Varis 2016).

However, there are several key differences between Netnography and ethnography. Netnography demands a new set of abilities owing to the specificities of computer-mediated communication and its substantially expanded field site accessibility, which necessitates choices about field sites and judgements about the sorts of data to obtain and evaluate. Furthermore, it is significantly less intrusive than conventional ethnography since it allows for researcher invisibility: cyberspace permits researchers to be invisible to those being observed. This enables the documentation of informants' clear language without the risk of obtrusiveness and disruption. This paper presents the methodological specificities of netnography focusing on its context of an application, the definition of the method, and the research design: from the objectives and research questions' setting, to sites' selection and cultural entrée, from the type of data to be collected, to the way to classify, analyze and represent them.

Tasks	High-quality Software-based Computational Tools	Results
Sourcing	Scan the Online Environment	Brands Categories Predict Usage Situations Markets
Tracking	Context to the Data	Relevant and Cultural Insight
Marking	Allows the Researchers to Write and Save their own Notes and Observations	Data Set
Collecting	Archiving and Collection of sets of Data	Cultural Condition
Reducing	Large Amount of the Data Need to be Reduced	Coherent Insights Strong Tools will be Flexible, Subtle, and Adaptable
Visualizing	Different Types of Analysis	Unexpected Insights can occur when Data is Presented in New Visual Ways
Pervading	Easy, User-friendly Interfaces	Real-time Consumer Insights

*Source:* Author's Compilation

**Chart 1:- Task of High-quality Software-based Computational Tools**

## **5. Netnography in Context: Online Social Spaces**

The presentation also covers some instances of netnographic investigations in the social sciences before drawing conclusions. Everyday people around the world are using blogs, social networks, chat rooms, personal worldwide pages, and other online channels to express their identity, share information, ideas, and values, and build knowledge, common practises, and relationships (Riffle et al. 2019, Hallett and Barber 2013, Kozinets, 2010, 2002, Garcia et al. 2009, Mann and Stewart 2000). The internet has profoundly entered social life (Beneito-Montagut 2011); the usage of online spaces to form communities and social interactions with individuals regardless of their geographical location is becoming increasingly popular. These virtual places take the shape of small-scale communities that are bound together by common emotions, lifestyles, new moral views, sensations of injustice, and consumer patterns (Cova 1997). Following the definition of Rheingold (1993: 5) - who developed the expression "virtual communities"- they can be referred as social aggregations that emerge from the net when a large number of persons - moved by sufficient human feelings- carry on argumentized

and long discussions about a domain of interest developing webs of personal relationships in cyberspace. They are emotionally oriented, and they may bring together people from diverse socio-cultural backgrounds who share common interests, emotions, and sentiments. Members of virtual communities take on the form of communities of practice (Wenger 1998) when they become content producers and practitioners, developing an extensive repertory of resources in order to share information, create ideas, find common solutions, build knowledge, make innovations, and so on (Lave and Wenger 1991). These communities are founded on separate meaning systems that are either solely or primarily exhibited and negotiated online.

People join several virtual communities based on their specific interests. Throughout their lives, the majority of people participate in multiple communities through various media, technologies, and platforms, depending on the passions and interests they perceive to be dominant at the moment. Netnography is a non-media-centric approach to research: the media are not the focus of research, and netnographic research is not interested in media characteristics and use (Pink et al. 2016), but rather in the cultures, experiences, activities, and relationships developed through various media (social networking groups, blogs, communities, and so on), in other words, online "worlds of meanings" (Kozinets 2015). According to this viewpoint, online social spaces can cross boundaries. Consider the scenario of social media, where a group of individuals may collaborate by using the same hashtag to share interests, ideas, feelings, and so on. A technical approach (the usage of the same hashtag) is combined with a discursive strategy in this situation (Caliandro 2018).

Ethnographic approaches for investigating online social interactions, on the other hand, are continually evolving. Even the myriad labels that social researchers use to describe their studies on online communities and cultures are ambiguous. Athens Journal of Social Sciences, 13 January 2020 some researchers (Garcia et al. 2009, Kanayama 2003, Maclaran and Catterall 2002) simply refer to their online studies as "ethnography," meaning a comprehensive and sophisticated approach that does not change much when studying an ethnographic study. Hine (2005) discusses "virtual ethnography," which he regards as a partial and restricted approach since it focuses just on online components of social life and does not take into account the full social experience. Exploring the literature, it is possible to come across many other labels, such as "cyber ethnography" (Robinson and Shulz 2009, Morton 2001), "ethnography of virtual spaces" (Burrell 2009), "Internet ethnography" (Boyd 2008), "ethnography on the Internet" (Nelson and Otnes 2005, Beaulieu 2004), "Internet-related ethnography" (Postill and Pink 2012), "digital ethnography" (Hjorth Many additional researchers (La Rocca et al. 2014, Beaven and Laws 2010) have made similar claims.

## **6. Findings**

An Invaluable Compendium verifies that Netnography has become a generally acknowledged research approach in social science research. It has been used to address a wide range of issues, including culture, identity, social connections, and civic empowerment. Netnography is a qualitative research strategy that applies standard ethnographic approaches to the study of the "net," or the online communities, habits, and cultures generated through computer-mediated interactions.

## **7. Conclusion**

The aim of this paper was to provide an overview or compendium of Netnography as a research method. Netnography is a versatile study approach that may be applied to a wide range of involvement, from lurking to active participation in online discussions and activities. Because netnographic studies are built on creativity and bricolage, each one has distinct and special elements that distinguish it from other studies; as a result, two ethnographies cannot be done in precisely the same way (Kozinets 2010). The methods discussed here are not very new in and of themselves. They make slight adaptations to established research methodologies in order to adapt them to the specificities of modern information and communication technologies. Netnography, as compared to offline qualitative approaches, does not produce fundamental transformations in practice or epistemological content. Netnography, while imitating conventional qualitative research, demonstrates essential changes of features. Netnography research methodologies must be tailored to the peculiarities of online cultural contexts, such as the textuality of data and the disembodied character of online interactions. Furthermore, it necessitates digital and hermeneutic abilities. Researchers must immerse themselves in the society they plan to investigate, get familiar with the dynamics of online interactions, be able to navigate a large amount of unstructured information, evaluate those attaching meaning to it, and find cultural links that bind content together. Online communities and other Internet or ICT cultures are fast becoming an important part of our current social environment. The netnographic approach, a type of ethnographic research tailored to the specific needs of various types of computer-mediated social interaction, may benefit researchers. Using a single concept and a consistent set of criteria for such research will provide stability, consistency, and legitimacy.

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## **Impact of Covid-19 Pandemic on India's Pharmaceutical Sector with Reference to Stock Market Activity and Export Performance**

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### **Abstract**

The economies of various developing countries have suffered due to Covid-19 and shutdown pronouncements. In this study, the researcher has concentrated on the pharmaceutical industry's performance while considering the stock market, exports, and the amount of money the government has spent on its role in promoting the sector. The pharmaceutical industry played a crucial role in facilitating essential drugs and was spearheaded to flatten the virus curve. When it came to stock market performance, many sectors underperformed during the Covid-19 pandemic, but the healthcare sector shockingly outperformed them all. The current study has covered the same causes for this phenomenon. Globally, India's pharma industry has always been laudable due to cost advantages and inexpensive pharmaceuticals. Although recent export performance has been remarkable, there are still a few changes that the Indian pharma sector needs to do before it can become self-sufficient. Two factors, namely stock market activity, and exports, have been used to measure the performance of the sector. The stock market returns from the major sectors of the Indian economy, including Information Technology (IT), Automotive, Oil and Gas, FMCG, Banking, Metal, and BSE SENSEX, have been compared. The key sector is pharmaceutical. It has been inferred that the healthcare sector has performed comparatively well compared to other sectors. Data from 2016–2017 to 2021–2022 have been considered when analysing export performance. The reason for such high numbers with regard to export performance is that there was a high demand for crucial pharmaceuticals and other supplies, which India successfully met for over 150 countries. Additionally, the role of the government has also been covered.

### **Keywords**

Covid-19, Pharmaceutical sector, Stock market, Exports, Government initiatives, and Healthcare.

## **1. Introduction**

In December 2019, the new Coronavirus, also known as Covid-19, first appeared in Wuhan, a city in China. The World Health Organization (WHO) had to declare a pandemic on March 11, 2020, as a result of the lethal and extremely contagious virus's rapid global spread and dreadful effects. Being extremely contagious, the virus was primarily disseminated by coughing and sneezing, which are typical cold symptoms. Governments everywhere were compelled to impose limitations in order to slow the virus's rate of spread. In an attempt to interrupt the transmission cycle, cities were placed under lockdown, affecting all public spaces such as offices, schools, and other academic institutions. This was more than enough to affect the pharmaceutical industry as well as the entire world economy. On January 30, 2020, Kerala, India, announced the country's first coronavirus case. Following the first case to be recorded, reports of the virus spreading to further states in the nation soon followed. In order to stop the sickness from spreading, the Indian government had to make the necessary and prudent choice on March 24 to declare a strict lockdown on the nation. The pharmaceutical sector is essential in facilitating first-rate healthcare services during a pandemic since the distribution of medicines may be hampered for a variety of reasons.

The occurrence of Covid-19 has a significant negative impact on the world economy. The overall recession, the decline in demand, and the disruption in supply logistics all had an impact on the industrial sector. According to an IMF analysis from January 2020, the global economy shrank by 3.5 percent in 2020. It is predicted that this year's decline will be reversed by 5.5 percent in 2021 and 4.2 percent in 2022. The Covid-19 outbreak had varying effects on different sectors and businesses. As countries all around the world tightened travel regulations and closed their borders, the travel and tourist industries were particularly badly impacted. The travel restrictions have resulted in a decline in flights worldwide. On the other side, as more people chose to purchase their non-essential items online or were forced to do so because stores had to close due to the outbreak, online commerce took off. International stock markets also witnessed sharp decreases in value after the coronavirus epidemic, but they were able to quickly make up those losses.

## **2. Glance at India's Pharmaceutical Industry**

The world's leading provider of generic pharmaceuticals in India, and it plays a crucial role in the development of pharmaceutical and vaccination goods and is anticipated to grow even more in the years to come. The Indian pharmaceutical

industry, which was essentially non-existent in the 1960s, has gone a long way in helping to offer vital medications to more than 200 countries in their fight against the deadly coronavirus. Over 60 percent of the world's demand for vaccinations is met by the Indian pharmaceutical industry, which also accounts for 20 percent of the total supply volume. Active Pharmaceutical Ingredients (APIs), Bio-similar, Formulations, and Contract Research and Manufacturing Services are the main segments of the Indian pharmaceutical industry. India has established itself as the top supplier of the DPT, BSG, and measles vaccines in the world. Affordable and high-quality medications are the industry's main selling points, making India the "Pharmacy of the World." Affordable HIV medications are one of the industry's significant achievements; India is now the world's largest provider of low-cost immunizations. The Ministry of Chemicals and Fertilizers' Department of Pharmaceuticals reports that domestic pharmaceutical market turnover reached Rs. 129,015 crores (US\$18.12 billion) in 2018, up 9.4 percent year over year, while export income was US\$17.28 billion in FY18 and US\$19.14 billion in FY19.

India holds a 5.92 percent share of the global market for medications and pharmaceuticals. Formulations and biologics account for most of India's exports, accounting for 73.31 percent of total exports, followed by bulk pharmaceuticals and intermediates. In 2020–21, exports increased by 18 percent YoY to US\$ 24.4 billion, while in 2021–22, US\$ 24.62 billion worth of pharmaceutical products were sent abroad. This outstanding performance was accomplished despite challenges like supply chain disruption, prolonged lockdowns, and compliant manufacture. India exported medications and pharmaceuticals worth US\$ 2.4 billion in March 2022, a 23 percent increase from US\$ 1.97 billion in February 2022. Additionally, India boasts the most US Food and Drug Administration (USFDA)-compliant businesses outside of the USA.

### **3. Related Studies**

The Covid-19 pandemic increased uncertainty and risk around the globe and affected both developed and emerging economies like the United States, Italy, Spain, Brazil, and India. Existing studies recorded varied observations. The study by (Tirivangani et al., 2021) attempted to assess the impact of Covid-19 on the pharmaceuticals systems and supply chain in an environment which was resource-limited. The study reported a negative impact on assessing important medicines and there were bureaucratic obstacles resulting in discrepancies in the logistics supply chain in Namibia. Through their study (Almurisi et al., 2020) they were able to explore that there is an urgent need to acknowledge the dysfunction of

production in the economic system. Major policy changes should be implemented in areas of research & development in the pharma sector. In the study of **(Dapke et al., 2021)** the authors attempted to shed light on the present condition of the pharmaceutical industry and its impact on public health. It further emphasized the need to relax the strict government policies by giving more power to the public sector and making amendments to the company laws for workers. The study by **(Szczygielsk et al., 2022)** provided a comprehensive analysis to study the influence of Coronavirus on a global level by taking in consideration the sample of 68 global industries. The results indicated that the industries had to suffer a huge blow due to Covid and the financial performance of the firms were affected by it.

Talking about the Indian stock market, there have been few studies among which **(Varma et al., 2021)** observed a huge fall of around 40 percent of major stock indices' value but certain sectors like pharma, FMCG goods, and, IT faced the least negative impact. The study by **(Behera et al., 2021)** investigates the effect of Coronavirus on the Indian pharma sector and their results identified that the average return of the pharma sector is positive during Covid-19 but there was a mixed response at the firm level. There has been an empirical investigation conducted by **(Bora & Basistha, 2020)** on the fluctuations of stock prices in India and they also tried to make a comparison of the return of stock price in the pre-Covid and during the pandemic. They were able to identify that the returns were higher in the pre-Covid period. Taking into consideration the existing literature, it has been observed that the stock prices of various sectors are negatively affected but there have been studies in which there has been a significant positive abnormal return in the healthcare and pharma sectors. The study **(Mittal & Sharma, 2021)** used event study methodology to make a comparison among different sectors with health and pharma being the test factor. The study observed that there have been abnormal returns in the test sector.

Focusing on a specific sector like the pharmaceutical there arises a need to go through literature regarding policy and regulations because no sector is independent of them. There have been several studies conducted centralizing the regulation policies. A study by **(Ahmed et al., 2020)** commented on the need to acknowledge the opportunities for trade for the Indian pharmaceutical sector and the latest interventions regarding the export policy. It concluded that for India to meet the global demand, the country needs to strengthen its productivity through an active and meticulous policy structure. The article by **(Guerin et al., 2020)** emphasized the crucial role of the Indian pharmaceutical sector to not only meet domestic demand but also cater globally and it is only possible when there is

significant prevention in the disruption of the supply chain. The study (**Rakshit & Paul, 2020**) highlighted the impact of Covid-19 on a different sector of the Indian economy and attempted to acknowledge the reasons through which India might be able to boost its business strategies in the post-pandemic period. (**Gupta et al., (2022)** focused on using a socio-economic framework by considering parameters such as unemployment, foreign trade, industrial production, and equity markets. It is quite evident through the study that India has proven herself as a major player in the global economy. The short and long-term impact of the Covid-19 pandemic on the pharmaceutical sector was assessed by (**Ayati et al., 2020**). They further concluded that changes in demand, revisions in regulations, and R&D processes were the result of short-term impact while a move towards self-sufficiency might be a long-term impact on both domestic as well as global levels.

#### **4. Significance of the Study**

Research into Covid-19 and its effects on the economy is ongoing and receiving a lot of attention. Evaluation of the effects of specific sectors on account of Covid-19 is crucial. In previous studies, extensive research has been conducted in the area of tourism and hospitality, aviation, and automobile sector, etc. and the findings shed light on the notion that Covid-19 had a detrimental effect on the above industries. One such dynamic industry that makes relatively significant contributions to the Indian economy is the pharmaceutical sector. Among the academicians, corporates, and economists' the pharma sector is considered an industry which is not only dynamic but also reputable and forward-thinking one. Hence, it is interesting to explore this industry and how such a deadly virus influenced it.

#### **5. Objectives of the Study**

- 5.1** To analyse the impact of Covid-19 on the performance of the Indian Pharmaceutical industry.
- 5.2** To explore the initiatives taken by Govt. of India to strengthen the Indian Pharmaceutical industry.

#### **6. Research Methodology**

In order to obtain clarity on the performance of the pharmaceutical industry during the Covid-19 pandemic, analysis has been done at several levels. A comparative analysis has been conducted between the stock market returns from different leading sectors of the Indian economy like Information Technology (IT), Automobile, Oil & Gas, FMCG, Banking, Metal, and BSE SENSEX with

pharmaceutical being the key sector. The top 30 firms in India are spread among different sectors in the combined weighted stock index known as BSE SENSEX. The BSE SENSEX and other selected sectorial indices' closing data were derived from the official BSE (Bombay Stock Exchange) website. To calculate the return, we have taken closing data of selected indices from 27<sup>th</sup> January 2020 to 14<sup>th</sup> April 2020. Results paint a hazy picture of how various sectors have fared; keep in mind that these returns pertain to a time period following the announcement of the first incidence of Covid in India.

To analyse the export performance of the pharmaceutical sector, data from FY 2018-2019 to FY 2021-2022 has been extracted from the *Directorate General of Commercial Intelligence and Statistics* (DGCIS). Other secondary data has been derived from official websites like the *Department of Pharmaceuticals* under the Ministry of Chemical & Fertilizers, India Brand Equity Foundation (IBEF), and RBI Handbook of Statistics.

**Table 1:- Comparative Analysis between Stock Market Returns from Different Leading Sectors with Pharmaceutical Sector**

Sector	Return
BSE SENSEX	-24.84%
BSE HEALTHCARE	4.74%
BSE IT	-21.38%
BSE AUTO	-31.52%
BSE OIL & GAS	-23.68%
BSE METAL	-39.5%
BSE BANK	-35.75%
BSE FMCG	-8.49%

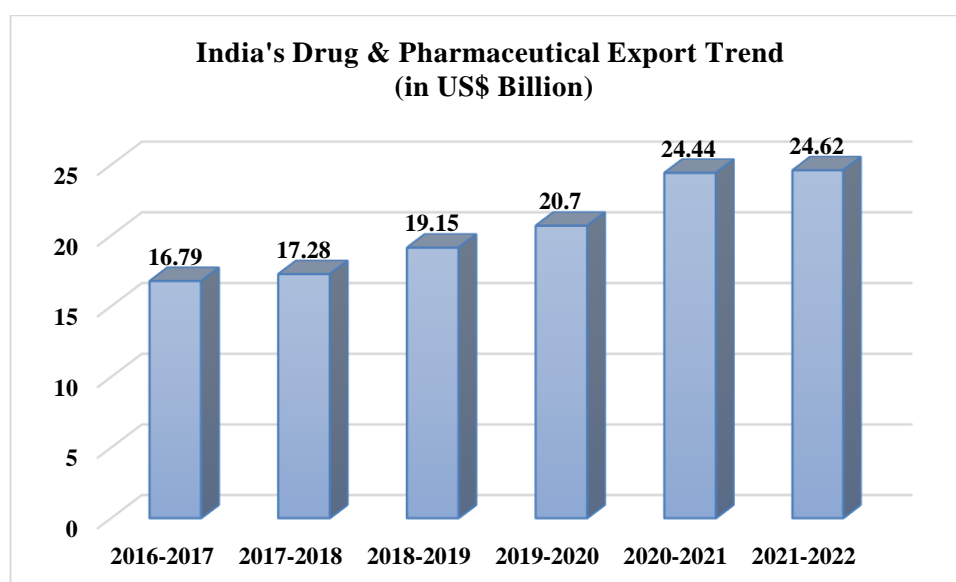
*Source:* Author's Compilation

From the observation of the trading return of the last 30 days from 27<sup>th</sup> January 2020 to 14<sup>th</sup> April 2020 in which India witnessed its first Covid case and the nation-wide lockdown, we considered several indices like BSE SENSEX, IT, automobile, oil & gas, healthcare, metal, bank and FMCG and among these only healthcare sectors witnessed positive returns. The test sector which was BSE Healthcare had produced a 4.74 percent return, higher in comparison to any other sector. Every other sector produced negative returns. The worst affected sector was metal as its return came crashing down to a negative 39.5 percent.

The healthcare and pharma sector witnessed positive returns because during the Covid-19 outbreak, the demand for generic and branded generic drugs rose



significantly leading to a rise in the pharma stocks thereby delivering positive returns. India's standing in the global pharma industry has always been commendable as it has a cost advantage and the drugs manufactured here are affordable. These factors played a catalyst in making a good image in front of domestic as well as global investors thereby encouraging the demand for drugs made in India.



*Source:* India Brand Equity Foundation (IBEF)

**Graph 1:- Performance of Indian Pharmaceuticals Export**

In the recent past, the performance of pharma exports has been commendable despite global trade discrepancies due to Covid 19. Even when there were supply chain disruptions due to the pandemic Indian pharmaceutical exports increased significantly from 16.79 US\$ in 2016-17 to a whopping 24.62 US\$ in 2021-22. The reason behind such good numbers is that there was a huge demand for critical drugs and other supplies which India successfully catered to over 150 countries. This growth momentum was carried forward even in the year 2022.

Due to the global stockpiling of pharmaceuticals and the increasing demand for the Covid-19 pandemic-related vaccines and medications that India was able to supply, exports have surged significantly in recent years.

Although Indian pharmaceutical exports have seen a growth trend but it cannot also be denied that there has been an increased dependency of Indian pharmaceutical companies on Chinese APIs. In the recent past, India has focused on finished formulations rather than in-house manufacturing of Active

Pharmaceutical Ingredients (APIs). This had led to dependence on China for raw materials. Larger imports of raw materials tend to improve the export performance.

## **7. Government Initiative**

The pharmaceutical sector of India is known to play a very important role in contributing to global health by providing high-quality yet affordable generic medicines. But that does not spare the industry from loopholes and challenges. The biggest hurdle comes from inadequate funding with respect to R&D which somewhere leads to dependence of raw materials on other countries hence contributing to the reasons as to why India is lagging in becoming the largest producer of pharmaceutical products with respect to value.

The Government of India has taken some initiatives in order to boost the pharmaceutical sector. The budget passed by the Union Government for FY 2022-23 clearly mentions the allocation of Rs. 3,201 crores (US\$ 419.2 million) solely for research purposes. In fact, in November 2021, the *Hon'ble* Prime Minister of India Mr. Narendra Modi set in motion a Global Innovation Summit with respect to the pharmaceutical sector. The main aim of the summit is to have a rigorous discussion among speakers both international and national on a variety of topics like funding for infrastructure, collaboration of industry and academics, regulations, and innovation funding.

The Ministry of Health and Family Welfare Rs. 83000 crores (US\$ 10.86 billion) has been set aside. Apart from this, under the Pradhan Mantri Swasthya Suraksha Yojana, the Union Budget has set aside Rs. 10,000 crores (US\$ 1.28 billion). Rs. 3,050 crores (US\$ 399.4 million) has been allocated to the Ministry of AYUSH. In order to improve the existing infrastructure of the pharmaceutical sector and to further assist small and medium enterprises, the Strengthening of Pharmaceutical Industry (SPI) Scheme has been launched in March 2022 for the FY 2021-22 to FY 2025-26 with the financing of Rs. 500 crores (US\$ 665.5 million). In order to boost the development and production of domestically produced vaccines, in May 2021, Aatmanirbhar Bharat 3.0 mission was launched. In order to enable India to be more self-sufficient in the production of bulk drugs, a Production Linked Scheme (PLI) has been launched by the Dept. of Pharmaceuticals with a total outlay of Rs. 6940 crores (US\$ 951.27 million) from FY21 to FY30.

## **8. Findings and Conclusion**

Covid-19 has had a significant impact on practically every nation's economy in addition to its health. Lockdowns were implemented in many nations in order to

stop the virus's spread. The healthcare industry bore a great deal of responsibility in this circumstance because they were leading the effort to flatten the virus's upward slope. The lockdown was crucial, but it also dealt serious damage to the economies of many nations since it reduced corporate activity, which was a significant shock to the world's emerging economies. On the one hand, the proactive adoption of lockdown was successful in containing the infection, but on the other hand, there were significant economic consequences.

This analysis has led to the conclusion that the healthcare sector in India was performing far better than other sectors at the time of Covid-19, despite apparent contradictions. India's enormous contribution to the supply chain of critical pharmaceutical products was a major factor in the growth of the healthcare sector. When it comes to the health sector's export performance, a growth tendency has been observed.

## **9. Limitation of the Study**

Future academicians should explore a broader time period for the examination of the export performance which can exhibit better findings and how much has exporting activity has altered. An action framework can be created to provide a solution for how to address the gaps that the industry faces in achieving self-sufficiency.

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## **Antecedents of Foreign Direct Investment: A Review Study**

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### **Abstract**

This paper provides a narrative review of the factors that influence foreign direct investment (FDI) in an economy. The articles relied on to assist in this regard were from relevant literature gotten through the search of published studies in major databases, namely Scopus, Google Scholar, DOAJ, Science Direct, and Semantic Scholar, using keywords such as foreign direct investment determinant, economic growth, and development. Articles published after 2005 were mainly included in the study. The study identified some variables that determine FDI uptake and highlighted that factors influencing FDI differ as one moves from one place to another, especially when these areas are not at par in terms of development. Trade openness, gross domestic product (GDP) growth, natural resources, political stability, the regulatory framework, market size, corruption levels, human capital levels, and inflation appear to be the main factors influencing FDI inflows. Other factors are the exchange rate, corporate governance, and tax incentives, among others.

### **Keywords**

Foreign direct investment, Trade openness, Political stability, GDP growth, and Market size.

### **1. Introduction**

The factors that influence FDI inflows and the consequential growth of an economy are enormous, and they continue to increase as economists' day in and day out come out with new modules enabling them to compute variables that were previously neglected because of their ambiguity or unreliability. For instance, in developing and developed countries, researchers have documented that the presence of educational institutions influences the development and growth of a region (Boohene and Maxwell 2017). Human capital, on the other hand, as a whole influence economic growth (Pelinescu 2015; Hanushek & Woessmann 2010). In a broader perspective, Brooks et al. (2003) opine that FDI can promote development and generate jobs, particularly in the tertiary sector, increasing GDP. In this light, most emerging and developing countries rely on FDI for

developmental projects. It must be stressed that FDI is neither a new nor obsolete concept as a research topic. Also, attention has to be drawn to the fact that the factors that hinder or improve FDI location decisions have been widening over the years. For instance, early Sub-Saharan African and Asian scholars focused on the region's market access, natural resources, and political stability (DeGregorio, 2005). Most of the time, researchers have found a direct link between these factors and foreign direct investment. In that sense, the larger your natural resources, the more FDI you attract, or the better the country's political climate, the more attractive the country is to foreign investment, which could further lead to development and growth. Thus, understanding the antecedents or factors that influence FDI inflows into a region is essential for policymakers and stakeholders seeking to attract foreign investment for economic development and growth. Thus far, this paper reviews some variables that determine FDI inflows in recent years.

## **2. Review of the Literature**

Researchers from developing economies have moved the investigation of FDI inflows to cover factors like trade openness, regulatory framework, infrastructure, and nations' inflation (Assa, 2018; Evans et al., 2018). Although current research on some of these earlier variables renders some inconclusive, the tendency to find a contrary relationship to the earlier research is possible, given that the way of doing business has evolved over the years. What used to scare investors yesterday are seen as an opportunity today by those accustomed to the ever-changing terrain in which businesses operate (Khodaei & Ortt, 2019).

Furthermore, researchers are concerned about finding out whether political stability, political institutions, and control of corruption matter when it comes to decisions for the siting of FDI in a region. For instance, a study by Asante Darkwah et al. (2023) shows a strong connection between FDI inflow, human development, and corruption control. Their study further revealed that while human development has a beneficial influence, controlling corruption has an uncomplimentary impact on the growth of FDI in sub-Saharan Africa. Again, researchers are concerned about what happens if the political stability of a country or region does not necessarily influence the attractiveness of a nation for FDI but rather the type and quantum of its natural resources? And what role will new variables like value added per worker, as well as control of corruption, play in the new world after Covid-19 (Asante Darkwah et al., 2023; Boohene & Darkwah, 2023)? Various studies prior to Covid-19 have shown that country-specific factors such as trade openness, regulatory framework, exchange rate, commercial interest

rate, and inflation heavily influence FDI determinants (Mikinis & Juozenaite 2015; Xaypanya et al. 2015; Asiamah et al. 2015).

Asiamah et al. (2019) examine the variables that determine FDI in Ghana from 1990 to 2015 and find a cointegrating relationship between FDI and its determinants. The research concludes that in both the long and short run, there is an adverse effect of interest rates, exchange rates, and inflation rates on FDI in Ghana. On the other hand, there is a positive effect of telephone usage, gross domestic product, and electricity production on FDI in Ghana. The paper employs a causal research design to ascertain the determinants of FDI and uses Johansen's approach to cointegration within the autoregressive vector framework for the data analysis. This work is similar to previous papers on FDI inflows in terms of the chosen study area and some variables, like GDP and inflation, to ascertain how they impact FDI. However, it differs because it concentrates on a single country; thus, the findings cannot be imposed on other countries. For example, according to a study by Agbokah et al. (2023), which relied on the Generalized Method of Moments (GMM), it turned out that sound corporate governance affects the inflow of FDI into a region. Further, according to Sahiti et al. (2018), the research on FDI is an everlasting argument of inconclusive factors that impact negatively or positively given a geographical area. Their stance is affirmed by Saini and Singhania (2018), who examined the determinants that affected FDI uptake in developed and developing nations from 2004-2013 and concluded that outcomes vary across regions and countries. They do, however, categorically state that FDI positively links economic determinants like trade openness, gross fixed capital formation, and efficiency variables in developing economies. In contrast, FDI seeks policy-related determinants like trade openness, GDP growth, and the freedom index in developed countries.

Maybe the most important question here is whether certain factors could affect the FDI influx in developed and developing nations. On this matter, further investigation into the literature found that most academics looking at FDI in various economic zones see some elements, including political stability, market size, trade openness, the FDI regulatory framework, and tax incentives, as potential drivers of high levels of FDI. This also demonstrates that the reasons that drive large-scale investment (FDI) in nations may not change if one moves from one region to another. This is supported by the fact that the factors affecting FDI in Bangladesh and Ethiopia are not wholly dissimilar, and a possible explanation for this is when economies share similar traits.

Anarfo et al.'s (2017) study implies that natural resources and infrastructure growth are important triggers or indicators of FDI inflows in the African

subregion. Several additional factors, including the loan interest rate, market size, and GDP growth rate, heavily influence FDI inflows in the SSA region. When applying regressions to series, Anarfo et al. use the Prais-Winsten regression estimation process, which is essential to overcoming autocorrelation and heteroscedasticity in the error terms in a model. The research was done between 1975 and 2014. In keeping with this line of reasoning, Ali (2020) examines the significant factors that influenced foreign direct investment (FDI) coming into Ethiopia between 1992 and 2015 and finds that FDI and market size, trade openness, exchange rate, and financial freedom are all significantly and positively correlated. Additionally, there was a strong and negative correlation between FDI and inflation. He concludes that while these variables have a long-term impact on FDI, the results did not show a long-term association between FDI and its motivating elements alone. Ali makes an educated guess on the link using the Ordinary Least Squares approach.

All this research attests to the fact that weak economic fundamentals will make an economy less favorable to attracting FDI. For instance, political stability has a non-significant negative association with FDI inflow, although it has a strong negative relationship with tax (Das & Das, 2017). Konchitchki (2011) documents that inflation reduces the purchasing power of a given unit of exchange for a period of time. Agudze & Ibhagui (2021) study the effects of inflation on FDI in 74 countries, divided into industrialized and non-industrialized markets, on the same reasoning. The study determined that there are threshold effects in both industrialized and non-industrialized economies in the link between inflation and FDI. According to the study's findings, non-industrialized countries have an inflation threshold that is roughly five times higher than that of industrialized countries. While inflation tends to reduce FDI inflows only when it exceeds its edge in industrialized countries, it has a negative impact on FDI in non-industrialized countries even when its threshold is not exceeded.

Aigheyisi (2019) delivers novel evidence on the effect of trade openness on FDI inflows in the SSA region using data from 1981 to 2016. The study employs the FMOLS estimator. Aigheyisi concludes, "The more democratic the government is, the more FDI the country attracts." The problem, however, is that the sub-region is young in terms of democracy. The continent has had three coups d'état in the past decade alone. This could be problematic for foreign investors. The researcher, however, adds that the expansion of the domestic market, acceptable levels of inflation, and infrastructural development augment the attractiveness of an economy to FDI. Xaypanya et al. (2015) investigate the momentous factors influencing foreign direct investment (FDI) in ASEAN3 and ASEAN5. ASEAN3



comprises Laos, Vietnam, and Cambodia, while ASEAN5 comprises Singapore, Indonesia, Thailand, Malaysia, and the Philippines. The researchers applied the first differencing technique to guesstimate the parameters on the built panel data studied from 2000 to 2011. In the findings of the paper, the researchers state categorically that because of the different stages of economic advancement amongst ASEAN3 and ASEAN5 countries, the determinants of FDI are not the same for all the countries. The paper documents that, for ASEAN3, there is a significantly positive effect on the level of openness and infrastructure facilities; however, inflation has a negative effect on FDI inflow. Also, net official development assistance, gross domestic product, and the real exchange rate have no impact on FDI. In the case of ASEAN5, infrastructure facilities, and market size are significant variables in attracting FDI. Furthermore, the paper states that, amid the high inflation rates and decrease in the level of openness measurement, the ASEAN-5 continues to attract foreign investors. Ultimately, the goal of this study is to provide a comprehensive understanding of the key influencers of FDI, which can inform policies and strategies aimed at attracting FDI into a region and promoting economic growth.

### **3. Research Methodology**

Articles from relevant literature was identified through searches of published studies in major databases, namely Scopus, Google Scholar, DOAJ, Science Direct, Semantic Scholar, etc., using keywords such as foreign direct investment determinants, economic growth, and development. Only articles on influencers of FDI that were published after 2005 were included in the study.

### **4. Findings & Discussion**

Foreign direct investment (FDI) is a significant driver of economic growth and development in many countries and regions around the world. FDI can provide several benefits, such as increased employment opportunities, technology transfer, and access to new markets. However, the factors influencing FDI are complex and vary depending on the region. Understanding the key determinants of FDI is crucial for policymakers and investors alike, as it can help them make informed decisions about where to invest and how to attract investment.

On trade openness, when a country embraces trade liberalization, removes barriers to international trade, and actively participates in global markets, it becomes an attractive destination for foreign investors. Trade openness provides foreign companies with access to larger consumer markets, increased export

opportunities, and potential cost efficiencies through global supply chains. As a result, FDI inflows tend to be higher in countries that are more open to trade.

A country's GDP tends to increase its appeal to international investors. Strong economic performance and solid growth patterns indicate a healthy business climate and possible market prospects. The possibility of greater investment returns attracts foreign investors more often in nations with rapid GDP development. The possibility of rising consumer demand, increasing markets, and increased profitability make a growing GDP appealing. Moreover, largely, there seems to be a positive relationship between the region's GDP and FDI inflows. The basic economic reasons for this stem from the fact that, with economic growth, comes the provision of some basic needs of livelihood, which include portable drinking water and electricity. These two are crucial for the production of goods and services too. With high economic growth, a more efficient, cheap, and fast transportation system is assured. In the absence of this, man hours from raw material to finished goods to the final consumer increase.

Natural resources have the potential to be used as inputs for many different businesses, luring in international investors looking to assure a steady supply. Manufacturing, energy, and construction sectors all rely largely on commodities and raw resources. Natural resource-rich nations can give foreign investors a competitive edge by supplying a reliable and affordable supply of inputs. By improving the competitiveness and profitability of foreign-owned industries, access to these resources can boost FDI inflow.

Political stability is also a crucial factor in FDI. Investors prefer regions with stable political environments because it gives them the assurance that their investment will not be at risk due to political instability. Regions with a history of political instability often discourage investors, as they fear that their investment may be lost due to government instability or political upheaval.

Further, the economic policies of a region are also important causes of FDI. Investors prefer regions with policies that are favourable to foreign investors, such as tax incentives, low tariffs, streamlined regulations, and investment-friendly laws. Countries and regions with well-developed infrastructure, such as good transportation systems, reliable telecommunications networks, and reliable energy supplies, also attract more FDI. Also, a transparent and predictable regulatory framework instils confidence in foreign investors. Clear and well-defined regulations provide certainty and reduce the perceived risks associated with investing in a foreign country. Investors prefer countries with stable and transparent legal systems that protect property rights, enforce contracts, and provide a level playing field for all market participants. A regulatory framework

that is consistent, transparent, and predictable fosters an environment of trust, which is crucial for attracting FDI.

The size of a region's market is another important element of FDI. Investors prefer regions with large markets because they provide a broader customer base, which can lead to increased profits. Additionally, regions that are strategically located and have access to other markets can also attract FDI, as investors can use these regions as a base to export to other countries. The study also highlights that factors influencing FDI differ as one moves from one place to another, especially when not at par in terms of development. That is, the proximity to key markets, access to resources, transportation networks, and regional integration opportunities are among the factors that make the geographical location an important determinant for foreign investors. Being located near major markets can significantly impact FDI inflow, as foreign investors often seek to establish a presence in countries that offer proximity to large consumer markets.

The level of corruption in a region is also an important determinant of FDI. Investors prefer regions with low levels of corruption because it can affect their investment by increasing the cost of doing business. Corruption can also create an uncertain business environment, which can deter investors from investing in a region.

The level of human capital in a region is also an essential factor in FDI. Investors prefer regions with a highly skilled and educated workforce. This is because a highly skilled workforce can provide the necessary talent to operate a business successfully. Regions that have a good education system and provide adequate training programs are more likely to attract FDI.

On the issue of inflation, it is interesting to note that the ability of consumers and businesses to make purchases can be reduced by high inflation rates. When inflation is high, costs of living and production rise, raising the price of products and services. Consumer demand and business profitability may therefore suffer as a result. Due to the reduced possibility of returns on investment caused by high inflation, foreign investors may be reluctant to make investments in certain nations. High inflation might further discourage foreign investors by causing economic instability and uncertainty.

Other critical factors that can influence FDI inflows include the exchange rate, corporate governance, and tax incentives in the local economy.

The attraction of FDI is significantly influenced by the currency rate (Lan Tan et al., 2021; Obgonna, 2019). A favourable exchange rate can make the goods and services of the host nation substantially less expensive for international investors, increasing the competitiveness and profitability of exports. A depreciated currency enhances the attractiveness of the host economy by reducing production costs and potentially increasing returns on investment. However, maintaining

investor trust and reducing the risks associated with currency changes require a stable exchange rate. Also, sound corporate governance practices play a crucial role in attracting FDI (Fazio & Chiara-Talamo, 2008). Investors prefer host economies with strong governance frameworks that protect shareholders' rights, ensure transparency, and minimize corruption. Effective corporate governance mechanisms, such as independent boards, clear disclosure requirements, and reliable accounting standards, instil confidence in foreign investors and reduce investment risks. Transparent and accountable corporate governance practices contribute to a stable business environment and attract long-term investments (Agbokah et al., 2022; Yung-Chih, 2005). Tax incentives offered by host economies are effective in attracting FDI (Abille and Mumuni, 2023). Governments often provide tax breaks, exemptions, or reduced tax rates to encourage investment in specific sectors or regions. These incentives can include tax holidays, investment allowances, or accelerated depreciation. By reducing the tax burden on foreign investors, host economies can enhance their competitiveness and create a more attractive investment environment (Etim et al., 2019).

## **5. Conclusion**

The review showed that the factors that lead to the inflow of FDI into a region are multifaceted but differ as one move from one place to another, especially when not at par in terms of development. Trade openness, gross domestic product (GDP) growth, natural resources, political stability, regulatory framework, market size, corruption levels, human capital levels and inflation appears to be main factors influencing FDI inflows. Aside these, other critical factors that impact the decision of investors to invest in a region include but not limited to exchange rate, corporate governance and tax incentives. On the account of this, policymakers and investors are therefore advised to take these factors into consideration when making decisions about where to invest and how to attract investment. By creating an environment that is favourable to investors, including policies that are transparent, stable, and predictable, economies can attract FDI and promote economic growth.

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## **Delivering Value to Customers through ESG Adaptation to Achieve the Sustainable Development Goals– A Case Study**

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### **Abstract**

Corporate Social Responsible activities of a company play a major role in keeping its customers well connected with the brand for the growth of its future business and delivering value to customers in turn enhances the business performance as per Drucker's surrounding ecological and demographic populations to save the environment. This case study also invites healthy academic discussions on the sustainability issue, since the company has survived 61 years of green marketing business in spite of having tough competition from the existing OMC players, by its commitment to actively engage in utilizing its CSR funds in the welfare of consumer population management system. India has well-regulated statutes, whereas businesses also requires to adopt ESG considerations besides CSR to achieve the SDGs. The presented case study highlights the company's marketing and innovative consumer connect initiatives taken to address social concerns by contributing substantial amount under the CSR Head for the betterment of surrounding ecological and demographic populations to save the environment. This case study also invites healthy academic discussions on the sustainability issue, since company has survived 61 years of green marketing business in spite of having tough competition from the existing OMC players, by its commitment to actively engage in utilizing its CSR funds in welfare of consumer population.

### **Keywords**

Consumer connect initiatives, Consumer population, Green marketing, Environmental Social & governance adaptations, and Sustainable development goals (SDGs).

### **1. Introduction**

Country's first Green Marketing Company was established by the Government of Assam to carry out all kinds of business related to natural gas in India on March 31, 1962, in Shillong as a limited company. In 1967, it started its first natural gas transportation business with the supply of natural gas to the NTPS of ASEB. Subsequently, the company grew from strength to strength and stands today as

one of the premier and leading Compressed Natural Gas Distributions (CGD) companies in India and recently completed 61 years of uninterrupted services to the upper Assam region inspite of facing tough competition from the existing Oil Marketing Company (OMC) players available in the market. The company posted a net profit of Rs. 9.37 Cr on an operating income of Rs. 57.22 Cr in 2016-17, compared to net profit of Rs. 7.94 Cr on an operating income of Rs. 50.66 Cr in 2015-2016. Presently Company's Authorized Share Capital is up to the tune of Rs. 20.00 Cr and paid-up capital is Rs 16.91 Cr. The company has already obtained ISO certification in the year 2000 and subsequently upgraded to ISO 9001:2008 in 2010. The company feels proud of its sound industrial relationship between the workers and the management leading to a healthy work environment and due to strict adherence to its safety policy, it has earned the Rajiv Gandhi National Safety Award. Is not you find the sustainability and growth story of this subject case company quite inspiring?

## **2. Objective of the Study**

The case is most likely to develop the managerial insight on the key marketing issues like sustainability, corporate social and environmental protection responsibility of the choice-based curriculum needs of the MBA finance & marketing streams and for developing mainstream business case curriculum for educating sustainability and CSR pedagogy for BBA students. It can throw light on consumer connect initiatives and ESG-adapted CSR policies for attaining the SDGs. They will learn Drucker's theory of business that is how by "Creating a Customer", sustainability can be achieved in a fast-changing business environment of the 21<sup>st</sup> century. The century by beating the competitive environment.

## **3. Research Methodology**

To develop this particular research paper, the methodology used was the Case Study Method, which was based upon the thorough study of innovative consumer connect initiatives undertaken and detailed quantitative analysis of all the secondary data of the subject case company available in the form of its annual financial statements, annual reports, corporate social responsibility policy, safety policy, quality policy, ISO and other environmental compliance related documents and jointly organized social events with surrounding consumer populations to draw the final conclusions.



#### **4. ESG-based Case Exhibits for the Students**

More than two dozen prominent ongoing and completed CSR projects purely based on the Environmental Social & Governance (ESG) adaptations and the commonly celebrated social events with all the stakeholders of the subject case company are showcased here to present this case study paper. The various CSR activities of the company are presented here to illustrate its innovative consumer connect initiatives taken under the CSR policy and fulfillment of the environmental protection commitments made with their surrounding consumer population base to achieve the desired level of Sustainable Development Goals over the period of past 61 years.

##### **4.1 Environmental-based CSR Exhibits for the Students**

Even before the concept of Environmental Adaptation in the CSR Policy was born, the company generously found providing free natural gas in the neighboring areas of crematoriums and developed crematoriums facilities at Chowkidingee, Dibrugarh, and Tikak Kalibari at Ledo operational areas, which were managed by the local bodies/NGOs. The company has focused on Environmental Sustainability and Ecological Balance and as a step forward has helped the local bodies to develop these NG Based crematoriums into beautiful parks so that the last journey can be performed in a cleaner, greener, and dignified environment. For moving ahead company has signed an agreement for setting up a new CGD company with Oil India Ltd and GAIL on 11-07-2019, The new joint venture company shall spread the existing CGD Network and supply the PNG to the domestic, commercial, and industrial customers and set up CNG dispensing stations for CNG vehicles in 5 Districts connecting approximately 4.16 Lakh households with the PNG and 72 CNG Dispensing stations will be set up in these districts. The Barauni to Guwahati Section of the National Gas Grid is likely to come up soon. Thereafter all eight states of the North Eastern Region will be connected to the Indradhanush Gas Grid Ltd (IGGL). In addition, new CNG dispensing stations will also be set up during this period to meet the requirement for clean fuel for the transport sector. This project will act as a catalyst to trigger the immense development and create huge employment opportunities throughout Assam and other parts of the North Eastern Region as a whole. On 17<sup>th</sup> August 2019 in a mass public-level celebration organized by the company, Assam's first CNG dispensing station was dedicated to the people of NER by Hon. CM of the State. Every year on world environment day major events are celebrated with all the stakeholders on 5<sup>th</sup> June and mass public level

gatherings are organized to felicitate the prominent environmentally savvy personalities amongst the consumers, and stakeholders across the entire NER, in order to spread awareness about the environment. In a flagship project to create social awareness for a cleaner and greener environment, a mechanized pilot plant was set up at Duliajan to segregate and convert bio-degradable waste into organic manure. It has shown the visible impact in the form of a cleaner environment, and by the production of organic manure, huge employments were generated for selling the produced organic manures.

#### **4.2 Social-based CSR Exhibits for the Students**

Numerous social welfare projects were launched by the company for the welfare of its consumer and as such more than 500 solar lamps were provided to the economically weaker sections of society in rural areas where there are infrastructure gaps in providing grid power and four toilet blocks in the Out Patient Department, Cardiology Indoors, Pediatric Indoors, and Gynecology indoors of Assam Medical College and Hospital Dibrugarh were constructed and financial assistance facilities were provided for the cancer patients at comprehensive daycare and rehabilitation centre Titabor, with the aim to ease the pain and sufferings of the cancer patients by providing emotional financial and social aid to the poor and needy ones. Financial aid were also provided by the company to underprivileged children suffering from cancer and being treated at Dr. B. Barooah, Cancer Institute, Guwahati. The case company and the Marwari Yuva Manch, Tinsukia have jointly organized a Cancer Awareness and Screening Camp on 25<sup>th</sup> and 26<sup>th</sup> March 2017 in Duliajan's Uchha Vidyalaya and Kathalguri H S School respectively, totally free for the residents of the area. The company has launched Free Health Insurance Card Scheme for all its retired employees and their dependent parents with the aim to provide much-needed financial relief cum post-retirement help even to their dependent parents where medical benefits can be availed cashless in all empanelled network hospitals of major towns and cities across NER. On 15<sup>th</sup> November 2019, meritorious students and achievers of the 2018 batch, Class X and Class XII pass-out students of company employees were felicitated as "The Rising Stars" by the Chairman of the company. Mass public level celebrations are always organized on Republic Day (26<sup>th</sup> January), Women's Day (8<sup>th</sup> March), Independence Day (15<sup>th</sup> August), and Grand Rongali Beehu Festivals are celebrated with all the stakeholders every year on 14<sup>th</sup> April, in a mass public level gathering for connecting the entire consumer populations across NER. The company hardly leaves any

opportunity to celebrate any social event to connect with its consumer base and never forgets to celebrate Dr. Bhupen Hazarika Day, and likewise celebrated, 150 Years of Mahatma Events with all on 2<sup>nd</sup> October and celebrated company executive club day with its entire club members on 15<sup>th</sup> November. Similarly, every year on any such grand occasion company always contributes to the CM Flood Relief Fund for helping the flood-affected people across NER.

#### **4.3 Governance-based CSR Exhibits for the Students**

The company has generously contributed for creating a model village with all basic amenities like drinking water, sanitation, lighting etc, to improve the health conditions and quality education, infrastructure development for the local people for provide the sustainable livelihood opportunities and financial participation in the developmental activities. For ensuring the sustainable livelihood to the underprivileged youths of the surrounding consumer's operational area, 101 unemployed candidates have been trained for their skill development with the help of the Don Bosco Institute, Kharguli, Guwahati, and many of them have been offered placements by the different companies across Pan India basis.

A special capsule course on Disaster Management was organized by the company on fire and emergency mock drill training for the participants of Fire and Emergency Services Assam and firefighting training to combat fire was imparted to the students at their schools and a three months course on self-defense for the empowerment of women's was started at Duliajan. The company has released its CSR Brochure "PRAYAS" A touch of care-CSR Project of the company in January 2018, highlighting the successful completion of various CSR Projects, where it has made investments for inclusive growth of the Nation. Last but not least, company has very actively participated in the Swatch Bharat Abhiyan.

### **5. Case Evaluation**

In the presented case it is pertinent to note that inspite of very tough competition from the existing OMC players, who are well supported by the Central Govt. Direct Benefit Transfer Schemes, Retail Price Subsidies, and Ujjwala Yojna, etc are attracting more rural and EWS consumers and targeting the entire BPL category populations, leaving only middle-class urban population for marketing the natural gas. This segment can only be get connected through the company's innovative and prominently visible CSR policies and environmental protection

activities meant for the surrounding population and the welfare of the society for attaining sustainability. Peter F Drucker believes that the theory of a business on which a company has been established and operating depends on its assumption about the environment, specific mission, and its core competencies needed to accomplish the mission of the organization. The business performances of a company can be evaluated through its financial results whereas to measure its sustainability over the years, one has to look for other important socio-environmental activities of the company, which can be addressed by ESG adaptation in designing a suitable CSR policy, based on the current requirements of the surrounding consumer population for achieving sustainability using the consumer connect initiatives and launching innovation driven useful projects purely based on ESG considerations to protect the natural environment and ecology of the demographic population to develop a clean and green business environment using the latest available technological tools and to achieve the desired level of SDGs required for the development of the nation in long run.

## **6. Case Solutions**

The management Guru Peter F Drucker (1989) can be very well quoted to justify the present success story of the subject case company for attaining sustainability over the last 61 years by rethinking and reinventing itself with new dimensional CSR and innovative EPR activities through its consumer connect initiatives to keep ahead in race with existing market competitors for achieving its Sustainable Developmental Goals (SDG). Peter F Drucker with Joseph A. Maciariello in Management-Rethinking, the Reinventing Government wrote “Any organization, whether biological or social, needs to change its basic structure if it significantly changes its size. Any organization that doubles or triples in size needs to be restructured. Similarly, any organization whether a business, a non-profit, or a government agency needs to rethink itself once it is more than forty or fifty years old. It has outgrown its policies and its rules of behavior. If it continues in its old ways, it becomes ungovernable, unmanageable, uncontrollable” though, success is not an overnight issue, as it takes a lot of hard work to become an overnight success.

### **6.1 Case Solution-Faculty Teaching Notes**

To get through knowledge of the existing CSR regulations of India, students must be made aware of the Companies Act, 2013 and the CSR policy rules, 2014 made there under and the related clauses of schedule VII, of section 135 of the Companies Act, 2013. The EU regulations and world-wide acceptance

of ISO-26000, standards may also be brought to the knowledge of aspirants CSR students, which cover six core areas including human rights, fair labor operating, and environmental practices besides dealing with consumer issues and community involvement for social development by taking a holistic approach. Similarly in the current international business environment, one cannot disregard the clauses of the Paris agreement on climate change, which binds all of us for taking all our future actions to save the planet Earth and remind us to work for Disasters Risk Reduction (DRR) under the Sendai Frame Work to achieve the SDGs by the year 2030. These add to our new environmental protection responsibility besides undertaking CSR work for achieving sustainable development goals. Let the students focus on some trending definitions related to CSR first. The EC defines CSR as the responsibility of enterprises for their impacts on society. The WBCSD defines CSR as a regular continuous commitment by business houses to contribute to economic development while improving the quality of life of the workforce and their families as well as of their surrounding community and society. Whereas UNIDO, consider CSR as a management concept in which companies integrate into social and environmental concerns in their business operations and interactions with all stakeholders. However CSR in India is still being considered to be an optional philanthropic activity of a company which is performing but not deliberated upon.

Sustainability, or Corporate Sustainability, which can also be termed as Sustainable Development, has been best defined by the Brundtland Commission as “development that meets the needs of the present without compromising the ability of future generations to meet their own needs”. While defining the concepts of CSR, students can be taught with EU as well as ISO standards though both look similar, but EU defines CSR as a concept wherein companies integrate social and environmental concerns into their business operations and in their interactions with their stakeholders on a voluntary basis. It also states that CSR is the responsibility of enterprises for their impacts on society, whereas The World Business Council for Sustainable Development terms CSR as a regular continuous commitment by the business houses to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the surrounding local communities and society at large, while ISO guides them for taking a holistic approach in treating key stakeholders responsibility. Therefore it can be concluded that CSR is a process that is concerned with treating the stakeholders of a company or institution ethically or in a

responsible manner by treating key stakeholders in a manner deemed acceptable according to international norms. Term social includes economic, financial, and environmental responsibilities, as the stakeholder's presence is both within a firm or an institution and outside also. Thus the wider aim of social responsibility is to create better and higher standards for sustainable living, while preserving the profitability of the corporation or the integrity of the institution, for people both within and outside these entities. Success is how profits are made and not the pursuit of profits at any cost (available at: [www.pwc.in](http://www.pwc.in)).

The robust CSR practices help in enhancing the corporate reputation, securing communities as supply chain suppliers, motivating, retaining and attracting employees to increase their morale and a sense of belonging to the company, and preclude the trust deficit of the communities who are impacted by the company business operations and provided them with license to operate and to maintain apart from the governments through its laws and regulations. The notions of sustainability must also be taught to the students who are also learning CSR as both concepts are converging in nature as put forth by global organizations. However, DPE guidelines on CSR and Sustainability for the Central Public Sector Enterprises as issued by the Ministry of Corporate Affairs in April 2013 also state that CSR and Sustainability is a company's commitment to its stakeholders to conduct their business in an economically, socially and environmentally sustainable manner that is transparent and ethical in nature. The term Corporate Sustainability also refers to the role that a company plays in meeting the agenda of Sustainable Development Goals and entails a balanced approach for economic progress, social progress, and environmental stewardship; it meets the needs of the present without compromising the ability of future generation to meet their own needs (The Brundtland Commission's Report, 1987).

## **6.2. Case Solution-Faculty Session Plans**

After teaching marketing and innovation in Drucker's Management System, which believes customers as the only profit centre, the target students may be served with this thought-provoking case study exercise, which is most likely to invite healthy discussions on the different types of activities being undertaken by the companies nowadays for improving brand image and adapting the innovative consumer connect initiatives to improve sustainability and developing happy working environment of the company in order to survive. The session will of course develop a bit of managerial confidence in

inspiring students to tackle this important issue if faced in the real work-life experience by them through this case study. While undertaking this case study session in a class room scenario, each and every student must be given sufficient time to think, explore and present the case individually and even the case may be represented by small group of students for better understanding the hidden concept of sustainability through ESG adaptation in their CSR activities for ultimately achieving the SDGs by delivering value to customers, by managing for results, doing the right thing, and making serving the customer the center of everything (Peter F Drucker).

## **7. Conclusion**

Since the exhibited case exercise gives a very clear idea to the aspirant management students of finance and marketing streams that how a business can be survived in the today's competitive environment with the help of innovative consumer connects initiatives and the sustainability can be achieved over the years by adhering to its core corporate social responsibility and environmental protection responsibility policies? Aspiring management students shall be able to understand the core principle of management as described by Peter F Drucker, that how over the year a company has to do a lot of effort and to make a huge investments through its CSR to build a very strong and prominent visible brand image of the company amongst their existing customers to attain its sustainable developmental goals, as longevity in this business is all about being able to reinvent our self or invent in the future.

## **8. Case Company**

The name of the subject case company is the Assam Gas Company Limited (AGCL), which is one of the oldest Compressed Gas Distribution (CGD) Companies of India engaged in the marketing of clean fuels business operating from its registered office located at India's oil and natural gas city of Duliajan, District Tinsukia, in the upper Assam area of the North Eastern Region (NER) of the country. AGCL is a subsidiary of the government of Assam and supplying Natural Gas to its domestic as well as industrial consumers since its inception and is now established as one of the leading CGD Companies in India.

## **9. Data Sources**

Accessed [www.assamgas.org](http://www.assamgas.org); [www.assamgas.in](http://www.assamgas.in); [www.assamgas.co.in](http://www.assamgas.co.in) for financial statements, annual reports, and other corporate policy documents for collection of the requisite secondary data used in developing this case study as

made available in the public domain site of the company's official websites as on 14<sup>th</sup> April 2023.

## **10. Appendix-case Questionnaires for the Students**

- Can you define Corporate Social Responsibility and Environmental Protection Responsibilities?
- Can the concepts of Corporate Social Responsibility be correlated with sustainability?
- Can you define Drucker's theory of business purpose to create a customer?
- Will better CSR policy implementation be able to increase the business performance of a company?
- Is not by ESG Adaptations in the CSR Policy, Sustainability can be achieved?
- As a market research expert can you analyze the hidden factors behind the achieved sustainability of the case company in the present competitive environment over the period of the last 61 years? Is not it ESG...?
- After examining the exhibits can you highlight and put forward your views on any of the case company's CSR policies and consumer connect initiatives you found mainly responsible for its current business performance and in turn for achieving the Sustainable Development Goal? Is not it ESG...?

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## **12. Disclaimer**

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## **An Analytical Study of Pre & Post Impact of Covid-19 on Foreign Direct Investment Equity Inflow in India**

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### **Abstract**

The Covid-19 pandemic had a severe impact on the Indian economy, resulting in a significant increase in unemployment rates and a decline of over 50 percent in FDI equity inflow. To evaluate the effect of the revised foreign direct investment policy, the researcher conducted a quarterly study from July 2018 to December 2021, comparing the pre and post- pandemic period's FDI equity inflow using paired sample T-test. The study found that the post-Covid-19 period gradually saw an increase in FDI in India, and the revised policy proved effective in attracting more foreign investment from various countries, including takeover opportunities. Despite the global economy's decline of 42 percent in 2020, the Indian economy showed a 4 percent increase. Overall, the revised FDI policy played a crucial role in developing the Indian economy by attracting more foreign direct investment.

### **Keywords**

Foreign Direct Investment (FDI), Foreign Direct Investment Equity Inflow, Covid-19 Indian economy, and Paired T-test.

### **1. Introduction**

The SARS-CoV-2 outbreak has had a significant negative impact on economies worldwide, resulting in a decline in per capita income growth in many countries. By the end of 2020, over 200 countries had been affected by the pandemic, leading the Indian government to close down the country's economy. The IMF reported that global trade had decreased by 13 percent in 2020, the largest decline since the Great Depression in 1930.

FDI is widely recognized as a critical element for achieving economic development, employment generation, technology transfer, and industrial advancement. Its primary objective is to boost economic growth by gaining access to advanced technologies and other favorable opportunities.

India, being a developing country, needs to make progress in its economic development. To achieve this, it can benefit from the attractive and profitable

opportunities that other countries offer, which can lure foreign investors from various parts of the world. These new sources of capital can fulfill India's needs by boosting productivity, increasing production capacity, and opening up new avenues of growth.

## **2. Review of the Literature**

**Hysa, E., Imeraj, E., Feruni, N., Panait, M., & Vasile, V. (2022)** the impact of Covid-19 on foreign direct investment in European countries is examined in a study that considers it a "Black Swan" event. Empirical results suggest that Covid-19 has led to more FDI outflows. Unemployment initially increased FDI outflows, but the impact turned negative after a certain point. Short-term interest rate increases and higher business confidence tended to increase FDI outflows. GDP growth had a positive impact on FDI outflows, but this impact became negative when considering coronavirus caused deaths instead of cases. Finally, higher inflation rates reduced FDI outflows. The first hypothesis of the paper is accepted, but the second hypothesis is only partially accepted as the impact of short-term interest rates was not statistically positive.

**Syarifuddin, F., & Setiawan, M. (2022)** exploring the interconnection among Covid-19 pandemic, Foreign Direct Investment, and Gross Domestic Product in Indonesia. The finding concludes that the effect of Covid-19 on foreign direct investment (FDI) in Indonesia varies between economic sectors and quarters. Some manufacturing subsectors were hit harder than others, and FDI decreased in most primary, utility, and service sectors. Additionally, the pandemic had a significant impact on FDI in only two regions of Indonesia. The pandemic also affected the relationship between FDI and GDP, potentially rendering FDI ineffective in influencing GDP, as the possibility of an economic crisis caused by the pandemic obscured the effect of GDP on FDI.

**Hussain, D. (2021)** the effect of the SARS-CoV-2 on FDI inflows in India was analyzed. The study used FDI equity inflows by sector and employed a paired T-test to test the hypothesis. The findings indicated that from January to March of the fiscal year 2020, there was a negative growth in FDI due to the impact of SARS-CoV-2. However, after a revised FDI policy was implemented, there was a favorable condition for FDI in India in the 2<sup>nd</sup> quarter of FY-20, and globally, SARS-CoV-2 has not had a major effect on FDI.

**Vennila, R. (2021)** investigated the effects of coronavirus on FDI in India. By analyzing FDI equity inflow data, including countries, sectors, and states, as well as GDP, the study found that India's GDP declined by 22.6 percent from January to March of FY20, which negatively impacted the overall economy, causing FDI

to decrease by 59 percent during the same period. However, after the government revised its FDI policy, FDI increased by 16 percent. The study predicts that in the coming years, India will become a highly attractive emerging market for foreign investment, with annual FDI inflows expected to reach \$75 billion within the next five years, according to a report by UBS.

**Saravanan, S.** conducted a study on the relationship between economic growth and FDI in India. The study analyzed FDI inflows into India by industry, country, and origin. The study found that despite the Covid-19 pandemic, FDI had not caused significant changes in the Indian economy. However, the study also suggested that there may be other factors impacting the Indian economy in a significant way.

**Mahapatra, A., & Senapati, K. (2021)** conducted a study on the effect of the coronavirus on FDI in India. They tested their hypothesis using regression analysis and examined various factors such as FDI inflow and outflow, FDI instruments, and FDI from different countries. The study revealed that the pandemic had a negative impact on India's economy overall. However, the researchers found that the government's revised FDI policy and self-reliance initiative were beneficial for the country's production and operation.

**Giri, S., & Agrawal, P. (2021)** examine the impact of FDI on the Indian economy. They found that the government has been working to develop sustainable FDI policies that attract more foreign investment and foster a positive relationship between FDI and the Indian economy. However, the Coronavirus crisis has had a significant negative impact on the economy. Despite this setback, the government has taken steps to revise FDI policies and attract more foreign investment to the country.

**Sinha, M. (2021)** analyzes the trend of FDI and its effect on India's gross domestic product (GDP). The study looked at the FDI inflow from 2014-15 to 2019-20 and found that it increased every year in both developed and developing nations. Additionally, it was observed that the GDP growth rate was at its highest in 2014-15 at 3.062 percent and its lowest in 2018-19 at 1.12 percent, with a year-on-year decline. However, overall, the study showed that FDI had a positive impact on India's GDP.

**Chaudhary, M. K., & Ghimire, R.P. (2020)** examined the effects of the Coronavirus crisis on FDI in Nepal, as well as other factors that can impact FDI, such as the business environment, governance issues, insufficient human resources skills, political instability, high tax rates, and decreased investment opportunities in the country. It has been acknowledged by the Nepalese

government that FDI is essential for infrastructure development and the advancement of education, technology, health, and industry in Nepal.

**Mogro, S.C. (2020)** to investigate consequence of coronavirus lockdown on FDI. The study used regression analysis and found that during the lockdown period, FDI inflow decreased by 63 percent, while FDI capital increased by 64 percent. The study also revealed that both northern and southern investments had negative effects on FDI inflow. Additionally, the research recommended that even with partial reopening activities, the FDI inflow did not recover quickly.

### **3. Need of the Study**

FDI plays a significant role in the economic growth of a country as it is a financial resource that doesn't involve debt and can contribute to the development of industry and commerce, ultimately benefiting the country's economy. However, due to the Covid-19 pandemic, countries worldwide are facing challenging situations. In response, the Indian government has opened up more opportunities for foreign direct investment to promote the growth of the national economy.

The existing literature on FDI in India mostly focuses on the post-Covid-19 effects on FDI inflow. However, there is a lack of research on the pre-and post-Covid-19 impacts on FDI in India. This proposed study aims to address this gap by conducting an analytical investigation of the pre-and post-Covid-19 effects on international capital inflow in India.

### **4. Objectives of the Study**

The following are the objectives of the study:

**4.1** To examine the revised FDI policy in India.

**4.2** To study the impact of Pre & Post Covid-19 on FDI equity inflow in India.

### **5. Research Hypotheses**

**H<sub>01</sub>:** There is no significant impact of Pre & Post Coronavirus on FDI equity inflow in India.

**H<sub>02</sub>:** There is no significant impact of Pre & Post Coronavirus on country-wise FDI equity inflow in India.

**H<sub>03</sub>:** There is no significant impact of Pre & Post Coronavirus on sector-wise FDI equity inflow in India.

**H<sub>04</sub>:** There is no significant impact of Pre & Post Coronavirus on state-wise FDI equity inflow in India.

## 6. Research Methodology

### 6.1 Research Design

The research design for the study has been descriptive as well as analytical in nature.

### 6.2 Duration of the Study

For achieving the objective of the study, the data has been considered from July 2018 to December 2021. This study has been taken pre-Covid-19 period from July 2018 to March 2020 and the post-Covid period from April 2020 to December 2021.

### 6.3 Sample Size

For the study top 5 countries, top 5 states, and top 5 sectors have been selected based on high FDI equity inflow in India as of the last quarter from Oct 2021 to Dec 2021 which are as follows:

**Table1:- Quarterly FDI Equity Inflow**

Country	Quarterly FDI	Sector	Quarterly FDI	State	Quarterly FDI
Singapore	27240	Computer software & hardware	23434	Karnataka	24699
Mauritius	16801	Services sector	16469	Maharashtra	23225
Netherlands	3913	Automobile industry	7690	Delhi	9941
U.K.	2180	Trading	7009	Tamil Nadu	9332
Japan	845	Tele-communication	1581	Gujarat	4176

*Source:* FDI statistics, DPIIT (\*Amount in crores)

## 7. Data Collection

For the study of the effect of Coronavirus on FDI equity inflow in India secondary data has been collected based on different sources including the RBI bulletin, and DPIIT.

## 8. Tools & Techniques

For achieving the above-mentioned objectives, paired T-tests and tables have been used.

## **9. Current FDI policies**

The Indian government has taken steps to encourage FDI by allowing foreign investment in previously prohibited sectors such as defence, trading, pharmaceuticals, infrastructure development, and insurance. These measures are aimed at improving the country's economy and making it more attractive to foreign investors.

The Indian government has established guidelines allowing certain industrial sectors, such as mining, manufacturing, information technology, and E-commerce, to receive up to 100 percent FDI by an automatic mechanism. To attract more foreign investment from international players, the government has implemented control rules for foreign exchange, reduced income tax rates, and expanded infrastructure activities.

In 2014, the Indian government launched the "Make in India" campaign, aimed at boosting the country's manufacturing sector and establishing it as a major global hub for manufacturing activities.

## **10. Revised FDI Policy in India**

The Indian government re-examined the combined FDI policy from 2017 on April 18<sup>th</sup>, 2020, and introduced a revised policy in response to the Covid-19 pandemic. The revised policy was implemented to prevent the possibility of takeovers or acquisitions of Indian companies.

Foreign direct investment revised policy focuses on the followings:

- Foreign investors are allowed to invest in various sectors and activities in India, as long as they are not prohibited. This means that non-resident entities can invest in most Indian industries and businesses, but there are some sectors and activities that are not open to foreign investment.
- An entity that is not a resident of India but situated on the border of India is allowed to invest in any sector in India, except for defence, space, atomic energy, and any other sectors that are not open to foreign investment. This investment must be made through the government route.
- Any country seeking to transfer ownership of a property that shares borders with India must obtain government approval for the transaction to benefit another country.
- The government has assessed that FDI will have a wide-ranging impact, allowing investors to make direct or indirect investments in various sectors or activities in India.



- Government approval is required for the acquisition of ownership, whether directly or indirectly, of any future foreign direct investment.
- The People's Bank of the China, has acquired a significant stake in Housing Development Finance Ltd, a commercial bank in India. This acquisition has increased the stake held by the Central Bank of China from 0.8 percent to 1.01 percent through open market transactions, which comply with Indian regulations. The Indian government also introduces a clause to prohibit the routing of funds through other nations.

The Indian government has given its approval for these amendments, which will come into effect once they are notified by the FEMA. Additionally, it is important to clarify any exceptional details related to foreign direct investment at the time of entry.

The reason behind attracting FDI inflow in India:

1. Financial impact of Covid-19 pandemic in India.
2. Increment in autonomy and implementation of state government reforms developed infrastructure facilities.
3. Require \$4 BN for Indian startups and improved stake of large-scale Indian companies.
4. Foreign direct investment was beneficial for increasing export and exchange rate stability.

## 11. Data Analysis and Interpretation

Table 2:- Quarterly FDI Equity Inflow

Pre Covid period		Post Covid period	
Quarters	FDI Equity Inflow	Quarters	FDI Equity Inflow
Jul 18 to Sep 18	69,938	Apr 20 to Jun 20	49,820
Oct 19 to Dec 19	78,146	Jul 20 to Sep 20	1,74,792
Jan 19 to Mar 19	76,604	Oct 20 to Dec 20	1,58,442
Apr 19 to Jun 19	1,13,511	Jan 21 to Mar 21	59,515
Jul 19 to Sep 19	68,489	Apr 21 to Jun 21	1,29,319
Oct 19 to Dec 19	76,010	Jul 21 to Sep 21	1,00,610
Jan 20 to Mar 20	95,548	Oct 21 to Dec 21	90,047
<b>Total</b>	<b>5,78,246</b>	<b>Total</b>	<b>7,62,545</b>
<b>Average</b>	<b>82,607</b>	<b>Average</b>	<b>1,08,935</b>

Source: FDI statistics, DPIIT (\*Amount in crores)

Table 2 in the compression of Pre & Post Covid-19 period study examined that post Covid-19 period has collected more FDI equity inflow in India. Based on average, it increased by 31.8 percent in post Covid-19 period. It helps to develop the nation's economy.

**H<sub>01</sub>:** There is no significant impact of Pre and Post Coronavirus on FDI equity inflows in India.

**Table 3:- T-Test: Paired Two Sample for Means**

Particulars	Pre Covid-19 Period	Post Covid-19 Period
Observations	7	7
Hypothesized Mean Difference	0	-
Df	6	-
t Stat	-1.243055461	-
P(T<=t) two-tail	0.260217969	-
t Critical two-tail	2.446911851	-

Source: Author's Computation

Table 3 "T-test: paired two samples for means" presents the results of a statistical analysis that compares FDI equity inflows in India before and after the onset of Covid-19. The analysis shows that the null hypothesis, which suggests that there is no significant difference between the two periods, is accepted because the p-value (0.2602) is greater than the significance level of 5 percent. This means that there is no convincing evidence to suggest that Covid-19 has had a significant impact on FDI equity inflows in India.

**Table 4:- FDI Equity Inflow by Country-wise (Pre & Post Covid-19 Period)**

Country		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Average
Singapore	Pre	14899	31249	22885	37106	18880	25737	21892	24664
	Post	13847	48237	48237	12415	24344	35196	27240	29931
Mauritius	Pre	17044	15538	14501	32484	11864	7777	21359	14981
	Post	6825	8194	8194	15758	24305	7709	16801	12541
Netherlands	Pre	10356	4561	6488	9423	6691	8598	5660	9639
	Post	8224	3082	3082	2579	8058	7752	3913	5241
U.K.	Pre	1383	1521	2093	2056	3931	2081	3036	2148
	Post	1379	8776	8776	1540	2550	5931	2180	4447
Japan	Pre	7012	2339	5315	3284	9171	7283	1973	5349
	Post	3131	1801	1801	6742	4006	1963	845	2898

Source: FDI statistics, DPIIT (\*Amount in crores)

According to Table 4, Singapore has historically attracted the highest average FDI equity inflow, but during the post-Covid-19 period, India experienced a significant increase in FDI equity inflows by 17.59 percent. Mauritius and Netherlands also attracted FDI equity inflows, but in the post-Covid-19 period, they received less investment, with a decrease of 16.28 percent and 45.6 percent, respectively. On the other way, the United Kingdom attracted more FDI in the post- Covid-19 period, with an increase of 107.02 percent. However, Japan received less FDI equity inflow in the post-Covid-19 period, with a decrease of 45.8 percent.

**H<sub>02</sub>:** There is no significant impact of pre and post-Covid-19 on country-wise foreign direct investment equity inflow in India.

**Table 5:- T-Test: Paired Two Sample for Means**

Particulars	Pre Covid-19 Period	Post Covid-19 Period
Observations	5	5
Hypothesized Mean Difference	0	-
df	4	-
t Stat	0.19297619	-
P(T<=t) two-tail	0.85637986	-
t Critical two-tail	2.77644511	-

**Source:** Author's Computation

The results of a paired two-sample t-test show the effect of Coronavirus on FDI equity inflows from other countries into India. The analysis suggests that the null hypothesis should be accepted because there is no clear evidence to suggest that FDI equity inflows have been significantly affected by the Coronavirus. This conclusion is based on the fact that the p-value (0.8563) is greater than the significance level of 5 percent, indicating that there is no statistically significant impact of Covid-19 on foreign direct investment equity inflows from other countries into India.

**Table 6:- FDI Equity Inflow by Sector-wise (Pre & Post Covid-19 period)**

Sectors		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Average
Co. soft. & hardware	Pre	8004	17951	9988	15585	12496	16548	9621	12885
	Post	8082	123087	50301	12821	22574	30060	23434	38623
Services sector	Pre	17586	12065	18139	19462	11646	14705	9616	14745
	Post	8699	8256	11820	8577	14000	9328	16469	11021

Sectors		Q1	Q2	Q3	Q4	Q5	Q6	Q7	Average
e-Automobile industry	Pre	7487	3464	3805	6756	8020	2672	2305	4930
	Post	2481	681	5649	3304	34219	1995	7670	8000
Trading	Pre	3666	6341	10018	7921	7097	9809	7579	7490.
	Post	3235	3905	8801	3408	4422	10710	7009	5927
Telecomm-unication	Pre	4218	828	2610	29352	372	74	1142	5513
	Post	12	38	2578	256	2338	456	1581	1037

Source: FDI statistics, DPIIT (\*Amount in crores)

According to Table 6, the computer software and hardware industry received the largest amount of FDI in terms of equity inflow in India as compared to other sectors, and during the post-Covid-19 period, it increased by 199.75 percent on average. The service sector came in second, but it attracted less India's FDI equity inflow during the post-Covid-19 period, with a decrease of 25.52 percent. The automobile industry followed, with an increase of 62.27 percent in India's FDI equity inflow during the post-Covid-19 period. The trading and telecommunication sectors collected less foreign direct investment equity inflow in India during the post-Covid-19 period, with decreases of 20.86 percent and 81.19 percent, respectively.

**H<sub>03</sub>:** There is no significant impact of pre and post-Covid-19 on sector-wise FDI equity inflow in India.

**Table 7:- T-Test: Paired Two Sample for Means**

Particulars	Pre Covid-19 Period	Post Covid-19 Period
Observations	5	5
Hypothesized Mean Difference	0	-
df	4	-
t Stat	-0.67558627	-
P(T<=t) two-tail	0.536346362	-
t Critical two-tail	2.776445105	-

Source: Author's Computation

The table shows the results of a paired two-sample t-test on the impact of Covid-19 on sectoral FDI equity inflow in India. Based on the p-value of 0.5363, which is greater than the 5 percent significance level, we can accept the null hypothesis. Therefore, it can be concluded that there is no significant impact of the pre and post-Covid-19 period on sectoral FDI equity inflow in India.

**Table 8:- FDI Equity Inflow by State-wise (Pre & Post Covid-19)**

State	Q1	Q2	Q3	Q4	Q5	Q6	Q7	Average
Karnataka	5427	15780	13949	20934	11497	16986	13760	14047.571
	10255	17203	19955	9471	62085	40781	24699	26349.9
Maharashtra	20479	19715	23667	10907	14409	22303	29770	20178.571
	8859	18284	74135	18456	30141	18492	23225	27370.3
Delhi	11196	18896	13152	35080	14894	17390	11097	17386.429
	7237	12626	11480	9121	14373	23029	9941	12543.9
Tamil Nadu	6127	3274	3998	5909	3485	3741	3489	4289
	3377	3685	5442	4704	5640	2724	6332	4986.29
Gujarat	8046	742	1044	18325	5687	6206	12758	7544
	3055	11651	38523	4741	5676	5469	4176	10470.1

**Source:** FDI statistics, DPIIT (\*Amount in crores)

Based on the data presented in Table 8, Karnataka attracted the largest amount of FDI in terms of equity inflow, while Tamil Nadu received the lowest. Both states saw an increase in FDI equity inflow during the post-Covid-19 period, with Karnataka experiencing an 87.57 percent increase and Tamil Nadu experiencing a 16.25 percent increase. Maharashtra came in second after Karnataka and experienced a 35.64 percent increase in FDI equity inflow during the post-Covid-19 period. In contrast, Delhi saw a decrease of 27.85 percent in foreign direct investment equity inflow during the same period. Gujarat attracted more foreign direct investment equity inflow during the post-Covid-19 period and experienced a 38.78 percent increase.

**H<sub>04</sub>:** There is no significant impact of pre and post-Covid-19 on state-wise FDI equity inflow in India.

**Table 9:- T-Test: Paired Two Sample for Means**

Particulars	Pre Covid-19 Period	Post Covid-19 Period
Observations	5	5
Hypothesized Mean Difference	0	-
df	4	-
t Stat	-1.646218177	-
P(T<=t) two-tail	0.175064205	-
t Critical two-tail	2.776445105	-

**Source:** Author's Computation

The results of a paired sample t-test that analyzed the effect of coronavirus on sector-wise FDI equity inflow in India. The p-value obtained from the test was 0.1750, which is greater than the chosen significance level of 5 percent. The null hypothesis, which suggests that there is no notable distinction between the pre-Covid-19 and post-Covid-19 periods regarding FDI equity inflow, has been confirmed. Therefore, it can be concluded that there is no significant consequence of Coronavirus on state-wise FDI equity inflow in India.

## **12. Limitations**

- The study only covers the period from July 2018 to December 2021, which may not be sufficient to capture the long-term impact of the revised FDI policy on the Indian economy.
- The study focuses only on the impact of the revised FDI policy in India and does not compare the FDI flows with other countries in the region or globally.
- The study only focuses on quantitative data and does not provide insights into the qualitative aspects of FDI flows, such as the motivations and perceptions of foreign investors.
- The study does not account for potential confounding factors that may influence FDI flows, such as changes in tax policies, political stability, and global economic conditions.
- The study provides limited sectoral analysis and does not provide insights into the impact of the revised FDI policy on specific industries or sectors in India.

## **13. Findings**

This study analyzes the effect of Coronavirus on the Indian economy by comparing the FDI equity inflow in pre and post-Covid-19 quarters. The Indian economy was already experiencing challenges before the Covid-19 pandemic, and the pandemic exacerbated these difficulties, resulting in multiple impacts on the economy. The study found that in the post-Covid-19 period, the FDI equity inflow increased by 31.8 percent.

In comparing the FDI equity inflow of different countries in India, Singapore attracts the highest amount, followed by Mauritius, the Netherlands, the UK, and Japan. These countries have been able to attract significant amounts of foreign direct investment even after the Covid-19 pandemic.

In the comparison of FDI equity inflow in various industrial sectors. The highest inflow is observed in the industrial sector, particularly in computer software and hardware, followed by the service sector, which includes finance, banking,

insurance, and other financial and non-financial sectors. The telecommunication sector closely follows the service sector, which includes companies like 97 Communications Ltd., JP Morgan Private Ltd., and Flipkart Internet Private Ltd. The automobile industry, trading, and telecommunication sectors also generate significant FDI equity inflows across various countries.

In comparison the FDI equity inflow among different states in India. It highlights that Karnataka, Maharashtra, Delhi, Tamil Nadu, and Gujarat have received a significant amount of FDI equity inflow when compared to other states.

#### **14. Conclusion**

This study highlights the negative effect of Coronavirus on the national economy but emphasizes the important role played by the government's initiatives in its recovery. The revised FDI policy has significantly changed the economic situation in India by attracting a large amount of FDI from various countries. While the global economy declined by 42 percent in 2020 due to the pandemic, India's economy grew by 13 percent. Developed countries recorded a decline in FDI of 69 percent, with the United States experiencing a 49 percent decrease. Developing economies also saw a decrease of 12 percent in FDI flows. However, China and India, both Asian developing countries, experienced an increase in FDI flows by 4 percent. Although China is currently the largest economy in the world, the revised FDI policy has had a long-term impact on the Indian economy, particularly concerning China. The policy changes have also led to increased FDI from other neighbouring countries such as Pakistan, Bangladesh, Myanmar, Bhutan, Afghanistan, and Nepal. In conclusion, while the Coronavirus has adversely affected the Indian economy, the revised FDI policy has brought about significant positive changes.

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## **Misleading Advertisements in India**

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### **Abstract**

Advertising has several roles to play. It makes the citizens aware of products so that they can make conscious choices among different products or brands. Advertising does not function in isolation. It is highly visible and persuasive in nature along with that it also generates lots of criticism and as a result creates an impact on the tastes, culture, and standard of living of society also. Advertising has to take into account several forces like consumer needs and government laws in the country. It is not a recent phenomenon to get easy recognition and profits some companies have started with misleading, false, and exaggerated information in advertisements. But in the competitive business world companies have to focus on maintaining a clean and positive image so that they can stay for long in competition and can make more sales. Companies that have the support of the community and its consumers can only survive for a long and they cannot leave it to consumers that they should be aware of their rights on their own. This paper discusses what misleading advertisements are and Indian laws that are existing to keep a check on them.

### **Keywords**

Misleading, Advertisements, Guidelines, Surrogate, Deceptive, Disclaimer, Stereotype, and Puffery.

### **1. Introduction**

In today's market, only those products or services are sold which are well advertised by companies to consumers. There are thousands of brands offering similar, identical, or substitute products to consumers but the point of difference for the companies is how they advertise their products or services. Advertising has both positive and negative impacts on both consumers and companies. On one hand, it assists the company in earning revenue and consumers to know about the brand, products, and its benefits in making purchasing decisions. However, on the other hand, at times companies to beat the competition misleads the consumer by putting misleading advertisements.

Misleading advertising is nothing but any published claim by a manufacturer that gives a consumer an incorrect detail of a product they are interested in purchasing. Misleading and false advertising leads to a negative impact on the consumer and also influences their social behavior. The impact of misleading advertisements is very deep, especially on children.

In addition to other laws, the Central Consumer Protection Authority (CCPA) exercised its power and conferred guidelines basically which focus on bait advertisement, free claim advertisements, and advertisements targeting children. The guidelines make it clear that if advertisements are not up to the standard of the product and services being offered they will be considered misleading. As per guidelines advertisements must have honest, true, and transparent representations, must ensure that the claim must fulfill its promise, not to be used for publicity, and suggest claims which are universally accepted.

The awareness laws for advertising cannot curb misleading advertisements. There is a need to involve consumers in the policies making process so that they at their own come forward to protect themselves. At the same time, manufacturers should ensure that they satisfy their consumers with good products and honest advertising.

## **2. Objectives of the Study**

The present study is being undertaken to achieve the following objectives: -

- 2.1** To study the definition and concept of misleading advertisements.
- 2.2** To understand different types of misleading advertisements.
- 2.3** To analyze various laws applicable to misleading advertisements in India.

## **3. Research Methodology**

Data for the research paper is secondary and sources of data are published articles online and offline, Books, Newspapers, and Data available on the official website of ASCI.

## **4. Review of the Literature**

**Sabaat Fatima (2020)** has given in detail about the regulatory framework of advertisement laws in India and has concluded none of the existing regulations directly discuss the concerns of internet promotions and it is need of time to have a full law/guideline on advertisements in all forms of media.

**Madhavi Sripathi (2020)** has stated advertising is a very important tool of information but buyers should be aware of products and services at the time of making any purchase.

**Rinkey Sharma & Gaurav Som** have concluded for the reinstatement of our Indian culture and heritage norms and ethics regulations of unethical and misleading advertisements are particularly essential.

## **5. Definition of Advertising**

Advertising is mass communication i.e., messages related to products and services to persuade consumers to buy and in return increase the profits of the company. Advertising can be done by using any medium like Radio, TV, Newspaper, etc using circulars, wrappers, labels, etc. Advertisements educate consumers about product availability, price, quality, etc.

Advertisements are present everywhere from morning toothbrushes to good night coils in the night, every product an individual consumes is hopefully an advertised product. Advertising is persuasive in nature and can motivate the target audience to buy a product and satisfy their needs.

Advertising is a non-personal audio or visual form of communication that employs an openly identified sponsor. At any point, there is no direct contact between the buyer and seller. In books of account expense incurred on advertising is shown as an expense against the profits of the company. It is done by either the company itself or some outsider advertising agency hired by the company. It is a misconception that the main aim of advertising is selling, whereas the real aim of advertising is to make buyers aware of the product and brand.

## **6. Growing Importance of Advertising**

The Indian advertising industry is one of the most influential businesses today and it has developed from a small-scale business to a large-scale full-fledged industry. It has emerged as one of the main industries and has broadened its horizons be it the creative aspect, the capital employed, or the number of personnel involved both at domestic and international level.

Advertising is persuasive in nature as a result it plays an important role by creating primary demand for the product or service leading to an increase in customers. In addition, it stimulates the distribution of products to every corner of the world, advertising creates employment opportunities, makes loyal customers, provides information regarding the developments taking place in society, makes the consumer believe that the advertised product can satisfy their needs, contributes to economic growth and increase in the standard of living of people.

The scale of the advertising industry is a symbol of the nation's way of life. With the fast expansion of the economy and high level of competition, in recent times advertising has emerged as one of the most demanding, competitive, and

challenging industries. Due to the high level of competition and to get their brand noticed a few advertisers have started with exaggeration and misrepresentation of facts which ultimately affect sensitive minds and leave a negative impact on society. Advertising should be fair and truthful and protect Indian culture and values and the legal system should ensure the same.

## **7. Misleading and False Advertisements**

Advertising is an important medium commonly used by most of the companies to exhibit all about their products, prices, and offers if any to their consumers. Comparison between products and brands is the soul of advertisements. The real issue starts when the implied comparison becomes increasingly explicit. Companies try to compete over the advertisements as it helps them in constructing their brand image but the comparison becomes a competition for earning a larger market share amongst various brands. However, this has led to an increase in false claims by brands and advertisements with regard to misinformation about various features like quality, services, prices, etc. on products.

Misleading or false advertisements are those which mislead an average consumer's mind in any way may be by false claims or deceitful information, omitting any material fact which is a must to display, misrepresentation of facts, unfair trade practices, unclear content, or unavailable offers. There is no single acceptable approved definition of misleading advertisement, but IRDA (Insurance Advertisements and Disclosure) Regulations, 2000 defines "unfair or misleading advertisement" as any advertisement-

- that fails to clearly identify the product as insurance.
- makes claims beyond the ability of the policy to deliver or beyond the reasonable expectation of performance.
- describes benefits that do not match the policy provisions.
- uses words in such a manner that it hides or minimizes the real costs of the hazard or risk in the policy.
- omits to disclose or discloses insufficiently, important exclusions, limitations, and conditions of the contract.
- gives information about a product or service in a misleading way; illustrates future benefits on assumptions that are not realistic with current performance.
- where the benefits are not guaranteed, do not explicitly say so as prominently as the benefits are stated; implies a relationship like sponsorship, or affiliation does not exist; makes unfair comparisons with products which cannot be otherwise compared.

Misleading advertisements are the ones that violate consumers' right to correct information about the product. They can cause both financial loss and harm to the

health of a consumer. They share tall and questionable promises about the efficacy of a product without substantial proof.

**7.1** There are three major elements of false advertising namely, fraud, falsity, and misleading. They are explained as: -

**7.1.1** Fraudulent advertisement is when the product displayed is different from what is received. Such advertisements are made to deceive consumers. They do affect consumer decisions on whether to buy or not in a positive manner, as false information tends to be more positive about the good or service being offered for sale than what it is in reality.

**7.1.2** Falsity in advertisements refers to inconsistency in the facts, for instance, when car manufacturers claim that the car average is higher than it actually is or fairness cream promises to make one fair in six weeks, etc.

**7.1.3** Misleading advertising is when the product is shown in such a way that creates an impression of untrue features which do not exist. Misleading Advertising includes: -

- Exaggerating and overstating
- Expressing unrealistic attributes of the product
- To get the more effective use of some professional concepts
- Fake licenses
- False warranties
- Use of certain misleading images and cinematic tricks
- Discounts and gifts

Advertisement is considered deceptive by the consumer and it is based primarily on the experience of existing customers to the advertisement he/she was exposed to. False advertising exists where there is a published claim that it is untrue whereas misleading advertising is any published claim that gives the consumer what is wrong with product understanding. Any individual can judge from a few things whether an advertisement is trustworthy and accurate first is if it is based solely on facts and not on opinions. Second is how close it is to truth it means the claim made by the company can be proved to be true. Thirdly, it increases the desire to buy more and more.

Consumers become careful when they come across any misleading and false advertisements and it does impact their buying behaviour. The Indian government has adopted several measures to control misleading or fake advertisements, unfortunately, due to lack of knowledge deceptive advertisements are still on.

## **8. Ways in which Advertisements Mislead Customers**

The sellers of products of false or misleading advertisements provide the consumer with false, untrue, misleading, and corrupted information regarding service, buying terms, availability of the product, etc. so that they can encourage consumers to buy the product or at least visit the particular store. Various ways undertaken by sellers to mislead consumers are: -

### **8.1 Bait and Switch Advertising**

In bait and switch offers, the advertiser advertises a lower or a less expensive product, but when a customer goes to the store and asks for the same product, they are informed it is not available or it is preferred to buy a better version, etc. The customer is convinced to purchase a product at a higher price. In such cases, a sale is just bait to switch to a really expensive product. For example, a car dealer has advertised a car and when the buyer goes to an outlet to buy the same, he is informed that it just got sold in the morning.

### **8.2 Unverified Claims**

Advertisements containing unverified claims or misleading statements are done by companies in such a manner that they contain a scientifically false statement or commitment about their product. Hindustan Unilever Ltd (HUL) had claimed in its advertisement that their Lever Ayush soap was based on some 5000 years old 15 herbs mentioned in Ayurveda scriptures and some other claims were also made which proved to be misleading and unverifiable.

### **8.3 Stock Shortage**

At times when customers visit a particular store to buy an advertised sale product, they encounter a shortage of stock. Companies should have good inventory before putting the product on sale or they should remove the item from sale as soon as it is out of stock. Such an experience of customers leaves a negative impression about the brand. For example, at certain sites, it is written two hundred people have it in their cart and the product is limited or the product is in high demand only the last ten left, etc.

### **8.4 Surrogate Advertising**

Surrogate advertising is the one where a brand or product is of one but inside its message and advertisement which is telecasted are for another brand or product. This all started when the Government decided to ban advertisements of products that are in any manner harmful to health or the body. After the implementation of this decision, the major companies of liquor & tobacco were badly affected so they found other ways to advertise their products. The

advertisements for such products are called "Surrogate Advertisements". The main objective of surrogate advertisements is to compensate companies for the losses they incur arising out of the prohibition on advertisements of one particular product (i.e. liquor or cigarette). It is like a proxy war weapon. For example, Kingfisher was a famous airline brand and it has given a lot of recognition to the original category i.e. beer, and now to other products such as Kingfisher mineral water and club soda also. Bagpiper which is a popular whisky brand in India, utilizes Water, Soda, and Music as surrogate substitute products.

### **8.5 False Promises**

Advertisements on behalf of advertisers make promises which are impossible to do or can never be fulfilled. For example, an advertisement for a detergent soap admits that it can remove grease in just one wash, and if the manufacturer of a brand cannot prove this, it is an incorrect statement or a false advertisement.

### **8.6 Inconsistent Comparisons**

Comparisons that are inconsistent in nature are done by advertisements of one product with many others, implying it is their product only which is genuine and all others are only money-making devils and don't at all care about the benefit of their consumer. It shows that their product is larger in size than what its actual size. For example, advertisements for beauty creams show the product to be very big in size but in reality, it is not, another one is the false coloring of food to make people believe food is fresh and healthy than it really is.

### **8.7 Use of Children in Advertisements**

At present market conditions are highly influenced by children's entering into advertisements and this is done in certain cases to enhance sales. In India, there is no age restriction on watching advertisements and this benefits advertisers and marketers a lot. If advertisements are relevant for children and also help to promote products in the market then only children should be part of same otherwise, they should not be. The presence of children influences both Indian culture and children's push their parents for particular products. For example, children have no role to play in advertisements of Rin and Tide. IDBI bank portrays children in their advertisements and portrays from small children to adults' friendship will go on with the bank, this concept is good but children are there just for the emotional angle and there is no point featuring children in it.

Advertisers should not target children and utilize their presence for their own benefit, rather they should shift focus on the age segment which is relevant for them and can correctly evaluate the effectiveness of advertising.

### **8.8 Fees and Surcharges**

Service charges, surcharges, and some hidden amounts of fees are taken from customers which are not disclosed in the advertised price. The room rate advertised by hotels does not include hidden charges like the use of certain facilities like Wi-Fi, Sports facilities, etc.

### **8.9 Puffery**

Puffery or exaggeration is the use of harmless superlatives or overstated statements made by companies for the purpose of attracting buyers to a particular product or service or to rise up the image of a product by companies for business purposes. Claims made in puffery are generally personal opinions and not fact-based and cannot be verified. It is also considered unethical at times.

Puffery talks highly of products and uses terms like best, finest, excellent, number one, etc. but none of them can be proved. The law also permits selective trade-related exaggeration. For example-Red Bull says one will have wings after drinking it but that is not true. In 1997 Hindustan Lever Company restrained and stopped their campaign when they claimed their toothpaste is 102 percent better than Colgate.

### **8.10 Promotional Contest**

All promotional contests are mandatorily required to disclose all information about contests and if they do not disclose the number of prizes, value of prizes, etc., and any important information relating to the chances of winning which also includes the odds of winning will come in the preview of misleading advertisements. Refund coupons or half price as advertised should all be clearly stated and there should not be a condition to purchase to win any contest.

### **8.11 Deceptive Advertising**

Deceptive advertisements are the ones that mislead consumers with false offers and discount sales etc. It means taking advantage of consumer psychology and depriving them of choice is one form of unethical behavior. The primary point of advertising is to convince clients to purchase products/services that they promote and persuade consumers into commercial transactions that they might otherwise avoid. Advertisers should always be able to justify the validity of any claims they make with supporting evidence.



Some examples of deceptive advertisement are a company suggests as long as consumer use their edible oil they will be free from any heart-related issues is deceptive incorrect and misleading, the consumer tends to feel protected which is a misnomer. Also, if a face cream advertisement claims that it will not only remove dark spots on the face but even prevent them from coming back, if the manufacturer is not able to prove this, it is considered to be a deceptive advertisement.

#### **8.12 Women Stereotype**

No matter what society will generally create some sort of stereotype about women. Majorly the entire household products such as soap, washing powder, etc. use women to advertise it which generates stereotypes in society about women that they are limited within the boundaries of their house only. Media has become a powerful tool of information and it creates such stereotypes and passes this to other groups. Most of the famous washing powders be it Rin, Tide, etc always use a woman to promote their brand as well as their product. Depicting scantily clad women in the back end of a Figo car, this advertisement in 1993 led to the passage of a new anti-rape law by Parliament.

#### **8.13 Misuse of Free**

When any advertisement uses the word "free" ("buy one, get one free" sale) it actually misuses the word 'free'. There it is an established fact that the consumer is very definitely paying for what is apparently free because the cost is already included in the overall declared price of the product or the buyer is already the price of the first item. Also, the advertising costs in most of the cases are actually paid by the consumer. For example, if a company is giving any gift on purchase, it should be a genuine gift and not something whose price is already included in the main product. Another case is when a mobile operator promises STD calls for a certain paisa per minute and conveniently forgets to mention offer is applicable only when calls are made to a specific number only then it constitutes misrepresentation.

#### **8.14 False Warranty Guarantee**

Whenever any company or seller through advertisements makes any representation that purports to be a warranty or guarantee of a product, or a promise to replace, maintain or repair an article, or any part of an article and it is materially misleading or where there is no promise that same will be carried out is a case of false warranty guarantee in an advertisement. A company issued a warranty card for three years but did not mention one year warranty for the product and two years for labor charges and the customer bought believing it for three years for the entire product.

### **8.15 Comparative Advertising**

Comparative advertising, are those advertisements where the advertiser advertises his goods or services by comparing them with the goods or services of another party (they may or may not directly mention the name of the competitor). This comparison is done to increase the sales of the advertiser. Comparison is made based on expense, efficiency, output, usability, and so on where it is suggested that the advertiser's product is of the same or superior quality or by denigrating the quality of the product it is compared to. All this is done to increase the sales of a company.

Example: The advertisement of Pepsi for Coca-Cola. Similar to each other, these brands cut some of their features in the advertisement. One comparative advertisement was of Colgate and Pepsodent where Pepsodent claimed directly that Pepsodent is now better than Colgate's strong teeth delivering 130 percent germ attack power.

Steps taken by Government and Departments to check misleading advertisements  
In the past few years, complaints against misleading advertisements have increased considerably. The Advertising Standards Council of India (ASCI) has tried to address some of these complaints by issuing guidelines and many other ministries and government departments have also undertaken various initiatives in this direction.

## **9. Measures taken by the Department of Consumer Affairs to Check Misleading Advertisements**

- 9.1** The Indian Government has set up an Inter-Ministerial Monitoring Committee with members from other ministries and departments and ASCI to keep a check on misleading advertisements.
- 9.2** Industry experts have been asked to bring out a document titled Corporate Consumer Responsibility which would contain a code of business ethics on unfair trade practices including misleading advertisements.
- 9.3** The Government has implemented an online portal dedicated to lodge complaints against misleading advertisements by consumers.
- 9.4** Counter Campaign strategies are being worked out with authorities like ICICI, RBI, etc.

Legislative framework available in India to curb misleading advertisements to deal with misleading claims and advertisements made by companies are:

- Consumer Protection Act, 2019
- The Monopolies and Restrictive Trade Practices Act, 1969
- The Food Safety and Standards Act, 2006

- The Drugs and Cosmetics Act, 1940
- The Drugs and Magic Remedies (Objectionable Advertisements) Act, 1955
- The Cable Television Networks (Regulation) Act, 1995
- The Cigarettes and other Tobacco Products (Prohibition of Advertisement and Regulation of Trade and Commerce, Production, Supply, and Distribution) Act, 2003 (Department of Health and Family Welfare).
- The Bureau of Indian Standards (Certification) Regulations, 1988 as under its Rule 7 (1) (l), (g), and (h) prohibits misleading advertisements about BIS certification.
- The advertisements which are aired on private satellite TV channels are regulated Cable Television Network (Regulation) Acts 1995, under the prescribed advertising code.
- Misleading advertisements in print media are being monitored by the Press Council of India under Section 14 of the Press Council Act of India 1978.
- Advertising Standard Council of India (ASCI)-Advertising Standards Council of India has established the ASCI Consumer Complaints Council to deal with false and misleading advertisements. The Advertising Standards Council of India accepts complaints against false and misleading statement advertisements from firstly the consumers or government secondly from one advertiser against another advertiser and finally from the ASCI board members, members of the Consumer Complaint Council, etc. The Code of ASCI tries to achieve fair advertising to protect the interest of the consumer and it uniformly applies to every advertisement irrespective of the medium of the country it originates.
- The Central Consumer Protection Authority (CCPA) has issued certain guidelines for the prevention of misleading advertisements and their endorsement also and also to protect consumers from unfair trade practices. The guidelines protect consumer rights with clear and mandatory conditions for valid and non-misleading advertisements and free claims advertisements. Guidelines have been formed on when to recognize and allow bait advertisement, disclaimers in advertisements, and disclosure of connection between endorser and trader. Besides these, the guidelines also prohibit surrogate advertising and prescribe restrictions on free claim advertisements and advertisements targeted toward children. The duties of manufacturers, service providers, advertisers, and advertising agencies are outlined in detail under the guidelines.
- A huge penalty is imposed for violating the guidelines. If found guilty, the CCPA can impose a penalty of INR 10 lakhs on manufacturers, advertisers, and endorsers of misleading advertisements. For subsequent mistakes, the

CCPA may impose a penalty extending up to 50 lakh rupees. The Consumer Protection Act authorizes CCPA to prohibit the endorser of a misleading advertisement from making any endorsements for up to one year, which can be further extended to 3 years if they continue with non-compliance.

All rules and guidelines made apply to all advertisements regardless of form and medium they are published in, any manufacturer, service provider, or trader whose goods, products, or service are being advertised, an advertising agency whose services are availed by the manufacturer or service provider to advertise their products or services.

### **Suggestions to Handle Misleading Advertisements**

Following are some of the suggestions to overcome misleading advertisements: -

- Every advertisement irrespective of the medium published should include every single detail in the advertisement with proper legal and documentary proofs of same.
- To prevent consumers from being deceived by such advertisements, it is necessary to identify the spots where consumers need to be cautioned.
- In addition to updating laws or legislation, the government should also set up a sovereign system to monitor law enforcement and ensure inflexible enforcement.
- "Pre-clearance" involves evaluating ads before they are published or broadcast by the self-regulating body this will avoid false and misleading advertisements. The advertisements which are to be shared with the public should be clear and simple and not contradictory, ambiguous, or exaggerating a lot.
- Strict punishment and if possible mandatory jail terms for advertising magic cures must be provided.
- ASCI guidelines are in existence for a very long, but still, there is a lack of awareness among consumers as well as advertisers. ASCI and other Non-Governmental Organizations have to play the role of watchdog to curb misleading advertisements in the best possible manner.
- It is an urgent requirement of the current time to strengthen the existing legal provisions and to introduce a new provision in the existing Acts to restrict and check commercial disparaging in comparative advertising.
- A comparative advertisement should be informative in nature and highlight features of products and services and not be done with the purpose to attack, criticize, or discredit other products and services may be directly or indirectly.
- Membership in ASCI must be made compulsory for all major advertisers.

- Customers should use a rational mind and thoroughly examine and judge any product which exaggerates its performance and whether it can give claimed results or not.

## **10. Conclusion**

Advertisements have become central to the entire business industry. They are like a tool that performs certain functions like conveying information about product and services to potential customers, helping to promote a brand, etc. An effective creative advertisement in a few seconds only can both showcase and influences the mind of the consumer. Misleading or fake advertisements are governed by certain laws and hence have legal obligations. Many misleading and false advertisements have had a negative impact on consumer behavior. The moment consumers discover there is something untruthful and misleading in an advertisement they are most likely to abandon that particular product or brand. Guidelines given by concerned authorities are most likely to reduce the room for advertisers to publish misleading advertisements. The guidelines imposed will make it convenient for authorities to conduct legal proceedings against advertisers for misleading advertisements and for sure it will affect commercial activity for some time, but it will be helpful for the consumers to know their product/services in detail with more clarity and without creating any ambiguity. A complete analysis of the existing laws along with the self-regulatory authorities is required on a regular basis to comprehensively clarify the interpretation, verification, and remedial mechanism of deceptive advertisements in India.

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## **The Changing Landscape of Retail**

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### **Abstract**

With the advent of internet technology and the availability of data analytics retail industry is undergoing a drastic change. Many new avenues of business in its varied forms albeit armed with technology are coming under the umbrella of the thriving phenomena called retailing.

In the dynamic retail industry; it is Customers' want and desire that would spur decision regarding purchase. It is the retail customer who makes most of the consumption decisions. It is learnt that changing business models and predictive analytics has changed the shopping behaviour and processes of the customers. This paper makes an attempt to highlight the concerned retailing areas in which newer technology has changed the course of the game. Also, this paper strives to analyze the trend of retailing in the future and how it would impact the current marketing practices. One of the "P" out of the four P's deals with the "place" which means the customer's access to the product. In pure marketing terms this "p" was leveraged to give value to the customers by increasing the convenience to buy the product. The very meaning of convenience has changed rapidly due to the access of the internet technology to a wide range of customers.

It is predicted that by the year 2030, our country will add 140 million middle-income and 21 million high-income households – meaning thereby a huge middle-class population available. Current internet penetration is close to 830 million which is the second largest in the world. This article would be covering all the factors of retailing like increased income, a rise of the middle class, internet penetration, growing aspirations, etc.

### **Keywords**

Retailing, Newer technology, Middle-class population, Online branding, Global Retail Development Index (GRDI), Homepreneur, and Artificial Intelligence (AI).

## **1. Introduction**

Retail sector in India is all poised to be the most promising and flourishing sector of the Indian economy. This phenomenon would drive the economy to a greater height and is attracting huge attention from entrepreneurs, and foreign investors as well. Internet penetration, retail space, availability of products, a rise of middle-class population and effective brand communication are some of the factors that are driving the retail sector in India. This sector is also creating huge employment, along with it, new shapes and dimensions of the organized retail sector have emerged within the given retail industry. Same-day delivery, social commerce, omni-channel retail, AI use, and interactive retail are a few of the important developments in the retail sector. One of the widely implemented new retail strategies has been the use of mobile technology during the entire purchase process from the time customers chooses a product until he /she pays for it. The cornerstone of a successful marketing plan in terms of retailing has been the 6Ps: Product, Price, Place, Promotion, People, and Presentation.

The Indian retail industry off late has emerged as one of the most prolific and fast-evolving industries due to the entry of several new players and the emergence of new avenues. It accounts for almost 10 percent of the country's gross domestic product (GDP) and close to 8 percent of employment. India ranked 73<sup>rd</sup> in the United Nations Conference on Trade and Development's Business-to-Consumer (B2C) E-commerce Index 2019. India is the 5<sup>th</sup> largest International Retail Destination in the world and is ranked 63<sup>rd</sup> in the World Bank's doing Business 2020 report.

### **1.1 Indian Retail Industry Facts and Figures (Kearney research: 2019, Bain & Company, Flipkart.2021)**

- India's retail industry is expected to grow at 9 percent over 2019-2030, from US\$ 779 billion in 2019 to US\$ 1,407 billion by 2026 and more than US\$ 1.8 trillion by 2030.
- It is anticipated that offline retailers in India, commonly referred to as brick- and- mortar (B&M) merchants, will boost their revenue in FY20 by Rs. 10,000-12,000 crores (US\$ 1.39-2.77 billion).
- India's direct selling industry is expected to be valued at US\$ 2.14 billion by the end of 2021.
- E-retail has been a huge leap during the pandemic.
- E-retail market is expected to grow to US\$ 120-140 billion by the end of the year 2026, growing at 25-30 percent p.a. over the next 5 years.



- Though there are many challenges in the form of inflation, economic volatility still the Indian consumption figure is robust.
- It is mainly influenced by affluence, accessibility, awareness, and attitude, household consumption stood at Rs. 130-140 trillion (US\$ 1.63-1.75 trillion) in 2021.
- India has the 3<sup>rd</sup> largest number of e-retail shoppers (only behind China, the US).
- The new-age logistics players are expected to deliver 2.5 billion Direct-to-Consumer (D2C) shipments by 2030.

Due to the higher share of private consumption in the GDP, India is protected from the volatilities of the global economy however it also hints that a robust high economic growth in India directly transforms into a sustained consumer demand for retail products. The rising income of the middle-class population has fostered consumer demand. Due to the advent of technology we have witnessed a spur in the demand for products ranging from electronics to beauty products to food. Since access to the product has increased convenience, it has resulted in an increase in the market.

## **1.2 Indian Retail and E-commerce Scenario (IBEF)**

- India ranked 2<sup>nd</sup> in Global Retail Development Index (GRDI) in 2021.
- In India, the retail industry employs about 8 percent of the workforce (35+ Mn) and contributes more than 10 percent of the nation's GDP. By 2030, 25 million additional jobs are anticipated to be created.
- Indian retail market is poised to reach \$2 Trillion by 2032, spurred by socio-demographic and economic factors such as increased urbanization, rise in income, and nuclear families.
- The Indian e-commerce industry is expected to cross the \$350 Bn in GMV by 2030.
- Indian e-commerce industry is expected to cross the \$350 Bn mark by 2030, growing at a CAGR of 23 percent.
- The Gross Merchandise Value of the Indian e-commerce market was estimated to exceed \$55 billion in 2021. It is anticipated to reach a gross merchandise value of \$350 billion annually by 2030.
- Online customers in India are poised to reach 500 million dollars in 2030 from around 150Mn in 2020 which is a considerable leap.
- India's digital economy is estimated to reach \$800 billion by the year 2030.
- India is set to become the 3<sup>rd</sup> largest online retail market by 2030, with an estimated annual gross merchandise value of \$350 Bn.

### **1.3 India's GDP Figures (Indian economic survey-2022-2023 and IMF report)**

- India is the world's 6<sup>th</sup> largest economy (nominal GDP), and 3<sup>rd</sup> largest by Purchasing Power Parity (PPP).
- Due to the Covid pandemic, India's economy suffered during 2020, with the current GDP witnessing a negative growth of ~1 percent.
- India's GDP growth is poised to remain robust in FY24.
- Economic growth to be boosted by the expansion of public digital platforms and measures to boost manufacturing output.
- In the year 2021, the GDP grew ~9 percent year on year, overcoming pre-Covid levels and it is expected to grow at a 9.4 percent CAGR during the current year 2022-27.
- India's real GDP is expected to grow at 7.4 percent in the year 2022.
- India's Per capita income has almost doubled to Rs.1.97 lakh (US\$ 2,400) in the last ten years.

## **2. Background**

The robust evolution of the retailing landscape has challenged retailers to operate in a highly dynamic and customer-driven and owned market. They are expected to continuously adapt to the changing and evolving expectations of consumers in order to retain them.

From the times of Industrial Age departmental stores to modern-day multi-channel, ubiquitous marketing environments, the evolution and rise of retail business continue to change drastically still the concept where a customer is given top-most priority with the famous adage "customer is king" seem to persist. We will learn the evolution of retail through the parameters of convenience while the shopping and marketing approaches are being deployed,

### **2.1 Convenience**

Retail as an organized industry initiated in the 18<sup>th</sup> and 19<sup>th</sup> centuries with the rise of covered markets, specialty shops, and departmental stores. The concept of catalogues gave the opportunity to shop from home for the first time in the late 1800's. When their catalogues arrived. In the 1990's, retail stores allowed consumers to view and buy items through online. Earlier, this was seen with doubt and avant-garde concept, however, online retail has now evolved into a vital channel. The concept of e-commerce grew in the early 2000's, retail wars looked upon as brick-and-mortar shops against the evolving online retailers. The ensuing battle has long since ended, as most retailers now deploy cross-channel retail strategies to reach targeted

customers both online and in physical modes. In fact, with the concept of hybrid technology where consumers no longer perceive a distinction between online and offline shopping. Shopping has become ubiquitous, and people are able to use smartphones to complete transactions in the moment, whenever they are required to make a purchase. The availability of product information and online reviews, and shopper and attitudes now-a-days have been influenced accordingly. Retailers can now customize their product offerings based on the knowledge of a customer's location and mobile device. This facility allows retailers to provide offers that are best suited to the customer. Retailers who use Omni-channel retail strategies to use this data effectively are able to deliver relevant and useful suggestions to the customers.

## **2.2 Marketing**

At the onset retail marketing was limited to signage and packaging, During the Industrial Revolution, merchants started using direct mail, catalogues, and sometimes salesmen to increase awareness among the customers. The concept of 'celebrity marketing' - was being practised by giving products for free to members of the nobility in order to receive publicity and raise the product's prestige. With the evolution of the retail market, retailers stressed upon the 4Ps concept – Product, Price, Place, and Promotion, to sell their products. Apart from it retail marketers also used their personal credibility, and goodwill to get customer loyalty which in turn helped them to understand more about the customers. Elements of marketing communications like Billboards, and Magazine ads were deployed.

Senco Jewellers, Haldiram, Ganguram to name a few shops from different fields used their credibility to establish rapport with the customers.

In modern-day big data is driving changes in the way retailers' approach consumers today. The use of data with customer preference information through CRM, demographics, and location data empowers retailers to mitigate large customer segments into relatively smaller segments. Segmentation of customers has facilitated retailers to create Omni-channel retail strategies, with more targeted and precise advertising that caters to the needs and experiences of targeted segments. Customers are empowered with useful and actionable information about products, pricing, and competition, and they also want retailers to know them as well.

Some merchants are also using their data for cross-selling, which results in more successful email marketing through targeted product recommendations and retargeting.

### **3. Objectives of the Study**

- 3.1** To highlight the new avenues of retail.
- 3.2** To identify the drivers influencing consumer purchase.
- 3.3** To explore the role of online branding in the retail landscape.

### **4. Review of the Literature**

Retail marketing disruption have been spurred by amalgamations of factors that have resulted in a change in the marketing environment, a change in the physical forms and shapes of retailing, given our role as consumer researchers, in a fundamental change in the consumer experience.

Mobile is of great use in the consumers' shopping journey. Retailers had to introduce mobile websites as well as apps to enhance consumer convenience, experience and create increased engagement. In addition to retailer apps, there are apps associated with loyalty programs that provide tiered benefits related to status. (Wang, Krishnamurthy, and Malthouse, 2018).

Poja Sham et al. (2019) stated in their research paper that one resource that e-retailers are using to provide more individualised services is logistics, which provides flexible order fulfilment and a range of product delivery alternatives. One of the services which shoppers find attractive in terms of online shopping is last-mile delivery which includes shipment tracking, in-store pickup, deliveries during specific time slots, free delivery, and same day delivery.

Online buyers place a great emphasis on flexible and quick deliveries. As a result, it has been shown that online customers place a high value on last-mile delivery. PwC's Global Consumer Insight Survey (2018).

Kleinlercher et al. (2018) studied the effects of integration of information by considering the retailer's online website as a source of information hub about the store. They examined how this integration affects channel switching to the store and highlighted that these effects depend on the type of information cues. It also stressed the fact that online medium is required to attract customers even to physical stores.

Modern-day customers are holding the retailer responsible and are expected to be apt in customer care. It is due to the fact they are empowered with the required information (Liu 2018).

One of the features of the smartphones is the capability they provide shoppers to enter and update a digital shopping list (now-a-days they use WhatsApp to make the purchase list) Huang and Yang (2018) examine how traditional handwritten shopping lists differ from that of digital lists.

Across three studies, their research identifies three key in-sights.

- First, they find support for their prediction that paper shopping lists include more products than digital shopping lists and that the products on paper shopping lists are generally less hedonic than those on digital shopping lists.
- Second, the authors find that shoppers with a paper shopping list made more planned purchases than those with a digital shopping list.
- Third, digital list shoppers made more unplanned purchases than paper list shoppers.

## **5. Literature Gap**

From the above literature review, it has been identified that the above researcher have not thrown much light on the evolving newer market that comes under the ambit of retailing. Moreover, the drivers of modern-day retailing like the application of smartphone and online brand community has not been discussed in an elaborate way by the above researcher. Therefore, this paper attempts to highlight and discuss in detail the above gap in the evolving retail scenario.

## **6. Research Methodology**

We have ensured to highlight the data as and when we mention any facts or our view points. We have totally relied on the authentic secondary data being published by reliable sources.

## **7. Key Drivers in the Evolving Retail Landscape**

### **7.1 Smart Phone and Retailing**

In today's context, the retail customer experience should be seamless while shopping online, visiting a store, or resolving any issue. We can see that all of these channels diligently involve smartphone to varying degrees; sometimes while customers go for price comparison or to check product reviews, go for purchase using an e-wallet, or receive personalized promotion offers via SMS or through different social media channels. With the usage of smartphone, customers are laden with more information. Retailers can now be more relevant and personalised, which will enhance both the website and in-store purchasing experience. This includes knowing the customer's location in real-time and reviewing recent purchase history.

#### **Smartphone penetration: Indian Context** (Global Statistics)

- 45 percent of consumers use their smartphone for price comparisons, and 65 percent of consumers have concerned apps on their phones.
- It is estimated that almost forty-seven population of our country is equipped with internet facilities.

- It turns out to be a whopping six hundred and fifty-eight million internet subscribers.
- In the year 2022, the active internet users through smart phone have reached up to six hundred and one million.
- It is estimated that the annual internet user growth rate is close to 5.4 percent.
- It is also learnt that an average Indian spends around seven hours and nineteen minutes on the internet.
- Smartphone penetration is around 46.5 percent.
- The given average broadband speed of the internet is around 47.40 Mbps, which is a sharp 32.1 percent rise if we compare with the earlier year (2021).
- Internet speed on smartphone is close to 15Mbps. It is 56 percent more if compared to the previous data.
- The estimated number of mobile connections in India is close to humongous 1.14 billion.
- As per the report, almost 82 percent of our population have got mobile connections which makes the market one of the largest and most lucrative in the world.
- Out of all the mobile connectivity we have close to 77.1 percent of customers having broadband connectivity.
- The total number of mobile apps being downloaded is around 26.69 billion. In order to mitigate some of the problems being faced by the customers and also to help retailers address the growing customer's aspirations in order to improve in-store experiences, there are some notable areas where Smart phone can spur differentiation and value.

#### **7.1.1 Empowering Sales Associates**

Equipping internal employees with modern internet technologies, it would enable retailers to improve productivity, customer care service, and merchandising.

By leveraging internet-enabled smartphone capabilities, salesperson can provide better, and customised service through a plethora of means; such as the ability to check availability and locate the product for customers in a real time, or to leverage customer data to cater to customer preferences.

### **7.1.2 Use of AI to Facilitate Seamless Activities**

The usages of intelligent cognitive systems can take retail data analytics to increase the customer experience. Using natural language processing and machine learning algorithms, AI would help make important decisions using vast volumes of fast-moving big data.

Cognitive systems learn from each customer interaction to facilitate a real-time integration of digital and in-store physical customer experience.

**7.2 C2C:** Emerging technology and wide usages of e-commerce avenues have influenced the development of unique types of online business communities. One of the newer types of retailing that has emerged is C2C retail which is hailed as consumer-initiated platforms or communities where people with requisite needs and the supplier come together to facilitate the exchange. (Armstrong Soule and Hanson 2018) opine that these sorts of communities are managed by the consumer and are apart from other C2C (consumer-to-consumer) exchanges because of the stress on a single-brand versus multi-brand platform.

Armstrong Soule and Hanson (2018) also examined this evolving trend of retailing in which the customer plays the dual role of seller and buyer as well. Some of the examples of C2C are Quikr, olx, Myntra, and Flipkart.

Besides we have many unorganised and fringe players which have marked their presence through social media platforms.

C2C total revenues would be around 15 billion in 2023 US \$ from 9 billion US\$ in 2017 with a CAGR of almost 70 percent (Consultancy firm Zinnon-2019).

Following are the benefits of this brand community which has changed the very course of retailing.

- It has given a gateway of brand building exercise.
- The brand engagement has touched a new height.
- Personalized communication has given rise to customisation.
- Feedback is received instantly and hence grievance redressal or customer care is customer oriented.
- Marketing communication has become cost effective which in turns facilitate the low cost with a good quality.

### **7.3 New Market under the Umbrella of Retail**

Earlier Brands have relied heavily on retailers to sell their products to customers. Retailers due to the compelling reason could not promote much since they had other products to sell also. Brands had very little opportunity to be promoted or pushed by the retailers. With the advent of website brands. Many companies like Nyka, have managed to generate good brand awareness which is reflected in the market share that they have garnered.

Nyka, net sales was 300 million. (ecommercedb)

Companies like Zomato, Swiggy gofers, etc. have prospered and can be termed as a retail company since they are catering to the end customers.

#### **Online grocery**

Online food delivery value rose from \$4.82 billion in revenues in 2017 to \$27.47 billion in 2022. By the end of 2027, it is expected to reach \$71.62 billion. (indmoney.com)

In the year 2022, online grocery in the Indian market attained a value of nearly USD 4.8 billion.

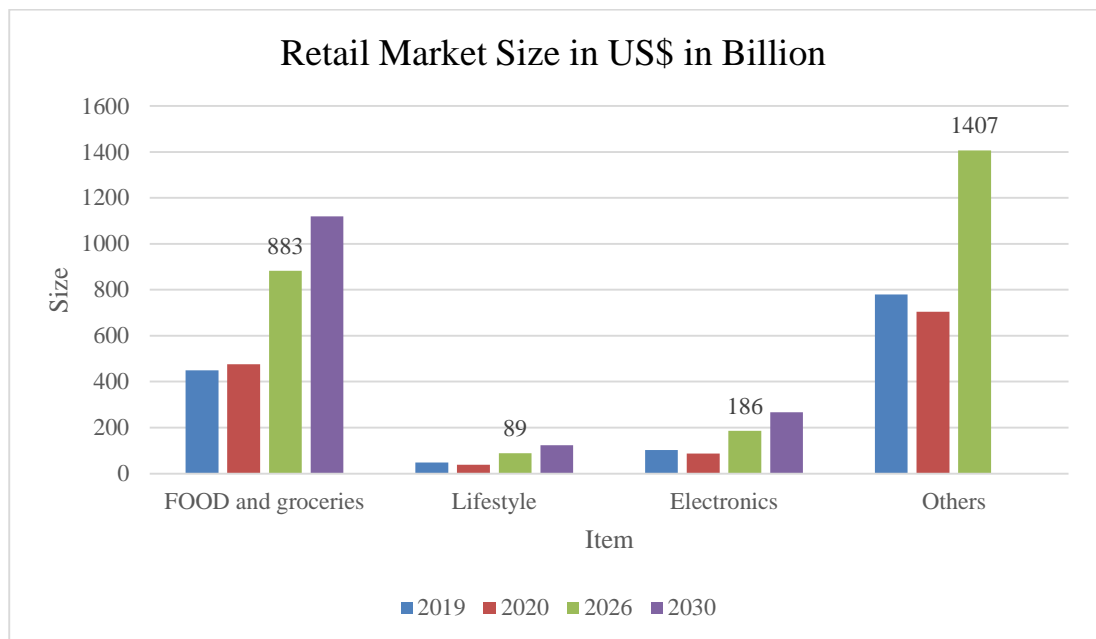
### **7.4 Population Demographics and Middle-Class Aspirations**

The ever-increasing middle-class population and many unexplored retail markets in India are the main alluring factors for the retail market to grow. The urban Indian consumer's purchasing power is increasing, and branded products in the clothing, cosmetics, footwear, jewellery, watches, beverages, and culinary categories, and even jewellery are gradually evolving into business and leisure that are well-liked by the urban Indian consumer. India's retail industry is anticipated to grow to a whopping US\$ 2 trillion in value by 2032, (Boston Consulting Group BCG, 2022).

One out of every three Indians belongs to "middle-class population" in India with income between Rs 5 lakh and Rs 30 lakh per annum. This number is expected to double by the end of 2047, thus having two out of every three Indians placed in the category.

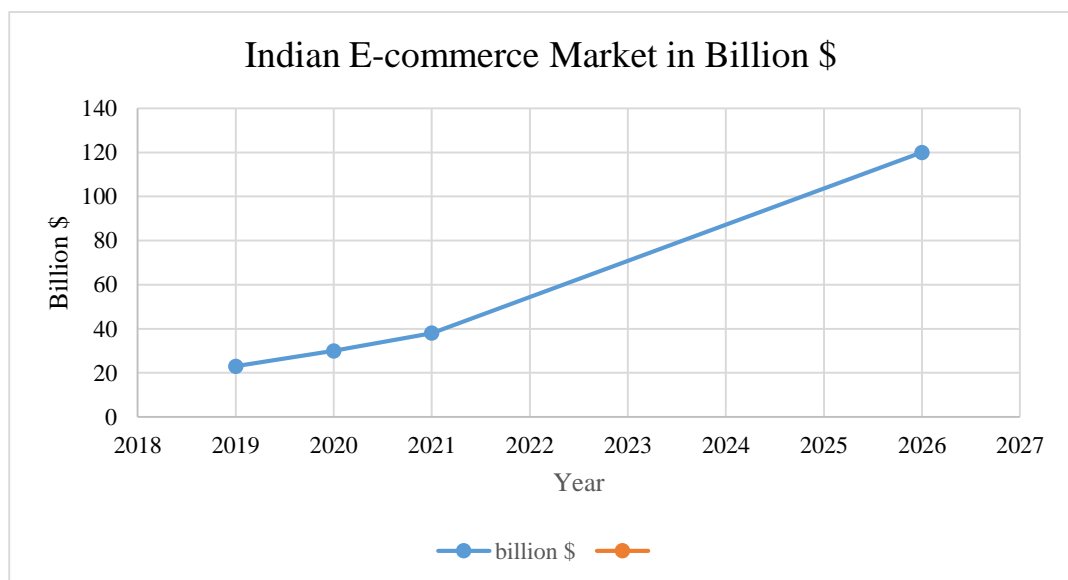
It is anticipated that between 2021 and 2022, the percentage of people in the middle class will increase from 14 percent in 2004–05 to 31 percent. (PRICE report, 2022). Hence by 2047, the Indian income pyramid will have a huge number of the middle class.





Source: Indian Brand Equity Fund, 2022

**Figure 1:- Retail Market Size in US\$ in Billion**



Source: Indian Brand Equity Fund, 2022

**Figure 2:- Indian E-commerce Market in Billion \$**

## **9. Key Take Aways**

- Rise of C2C business models.
- Increased use of the internet and smartphone abetted the growth of retail.
- Future of retail lies in customisation which is quite plausible with the use of technology.
- Middle-class population is increasing with an increased aspiration.
- Online branding has spurred the growth of retail since it has given new wings to the company where they are no longer totally dependent on their retail intermediaries.
- Distance between the company and the end customer is decreasing.
- AI would help predict the customer's customised needs.
- Many new industries are coming under the ambit of retailing like online food grocery and food deliveries.

## **10. Conclusion**

The Indian retail industry is going through a radical change. We have the availability of digitally naïve customers who are willing to make purchase decisions provided their need is met in terms of product attributes and convenience. As technology evolves and customers continue to become comfortable shopping online, online branding will continue to prosper. It is also learnt that; marketplaces continue to drive the majority of the e-commerce order volumes. Newer avenues of retail also enjoy consumer trust, with faster deliveries that has led to a great consumer experience. The emergence of artificial intelligence has allowed the retailers to develop a marketing strategy that can give insight to consumers with personalized, customized retail offerings. One of the major changes in a retail industry involves the ability of customers to shop across online/offline channels, and as a result, retailers are able to have many touch points with shoppers. We have also seen that the online community has democratised the processes and has empowered customers with product and service information. The rise of the middle-class population enabled with smartphone and data abundance has positively impacted the newer avenues of retail Industry. Retail Industry growth would resemble the growth of the middle-class population, internet growth, technological advancement. Indian retail industry with new wings is going to grow along with the countrymen and women.

## 11. Suggestions

- Payment interface should be made robust.
- Tier 2 and tier 3 cities have great potential; hence efforts should be given to improve the technological infrastructure.
- The future lies in customisation which could be more effectively reached with the diligent application of AI and data analysis.
- C2C retail should be patronised since it would give rise to Homepreneurs.
- Retail players must offer integrated sales channels to give a seamless customer experience.
- Retail marketing is going to move around speed and convenience hence the players should be facilitating on these parameters.

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## **A Study on the Impact of Social Media on Consumer Decision Making**

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### **Abstract**

Social media has played a significant role as a communication tool. People all over the world use various social networking sites to communicate with other people or organizations. The usage of social networking sites, particularly in developing countries like India, offers a new channel for marketers to connect with consumers. Reviews and opinions on social media have started to impact how a consumer decides what to buy. Social media enables delighted clients to highly encourage other intended customers to purchase the goods. On the basis of social media, businesses are wishing to benefit from the expanding consumer trends. The purpose of this paper is to investigate how social media influences consumer decision-making. It is an exploratory study that analyses the extent to which social media use affects experiences. The findings of the research indicate that consumer satisfaction is influenced by social media use during the information search and alternative evaluation phases, with satisfaction increasing as the consumer advances through the process to the decision of final purchase and also the post-purchase review.

### **Keywords**

Social media, Social media marketing, Consumer decision-making, E-word of mouth, and, Consumer purchasing.

### **1. Introduction**

A growing number of people are already buying goods through various social media platforms. The widespread use of the internet and the surge in social media usage have forced marketers to search for new ways to interact with consumers. Various social networking sites have made it easier and quicker for users to publish reviews, talk about their experiences using these products and services, and allow the user the chance to encourage online purchases, and offer an alternate comparison of goods and services. These marketing tactics have distinct effects on how consumers behave when making purchases. Numerous studies demonstrate the significant influence social networking has on the decision-making process (Constantinides, 2014).

## **1.1 Consumer**

Those who buy goods or services for their own consumption rather than for manufacturing or resale. A consumer makes purchasing decisions at retail establishments or is affected by marketing and advertising. They are the recipients of goods and services at the end of the supply chain. The consumers are the individuals who will really use the commodity or service. They are the final target audience for the services or products (Gupta & Chopra, 2020).

## **1.2 Consumer Decision-Making Process**

According to (Millwood, 2021) the consumer decision-making process is the way in which customers become aware of and identify their needs, get knowledge about the best ways to address those needs, assess various available options, decide what to buy, and then assess their purchase. Any business must comprehend how customers make decisions, but e-commerce companies have a special chance to optimize this process. Online merchants may utilize that data to design conversion techniques for each stage of the process because online customers generate more data than those who buy in brick-and-mortar locations. It is crucial to remember that the buyer journey, buyer cycle, buyer funnel, and consumer decision-purchase process are only a few of the numerous titles given to the consumer decision-making process. However, the meaning behind each name essentially refers to the process which a customer goes through when making a purchase decision.

So, the following is a breakdown of each step:

**1.1.1. Need Identification (Awareness):** This is the first and most crucial step in the purchasing process because it is at this point that a consumer first recognizes their need for a good and service.

**1.1.2. Information Search (Research):** Consumers want to learn about their possibilities at this point.

**1.1.3. Alternatives Evaluation (Consideration):** A consumer compares possibilities at this step.

**1.1.4. Purchase Decision (Conversion):** At this point, the consumer behavior changes into an act.

**1.1.5. Post-purchase Evaluation (Repurchase):** After making a purchase, consumers evaluate if it was worthwhile, whether they will suggest the goods or services, or brands to others, whether they would make another purchase, and what kind of feedback they would provide.

### **1.3. Social Media**

Social media are computer-based technologies that allow people to create and share information, ideas, career interests, and other kinds of expression through virtual communities and networks. Social media are internet-based by design, allowing people to share content quickly via electronic sources. Personal information, documents, movies and images are included in the content. Users access social media through a computer, laptop, tablet, or smartphone (Tuten & Solomon, 2016).

The internet and related technologies enable and popularize what we now refer to as social media. As more people join online groups, social media's effect grows every day. The human desire to communicate and the developments in digital technology have spurred the evolution of social media. It's a tale about forging and fostering intimate bonds at a large scale (Saundarbai & Prabhanjan, 2017).

### **1.4. Social Media Marketing**

The use of social media platforms and websites to promote a product or service is known as social media marketing. Although the phrase e-marketing and digital marketing have a strong place in academia, social media marketing is gaining traction among practitioners and academics. Most social media platforms have data analytics capabilities built-in, allowing businesses to track the development, performance, and engagement of their campaigns (Tuten & Solomon, 2016).

Social media marketing is valuable to marketers because it provides low-cost access to clients as well as a range of ways to contact with and engage them at various stages of the buying cycle. Using social media marketing tactics, we can achieve a variety of marketing goals. Social media can be used for branding and promotion, research, customer service and relationship management (Saundarbai & Prabhanjan, 2017).

## **2. Objectives of the Study**

- 2.1** To study the impact of social media on consumer decision-making.
- 2.2** To explore the usage of social media by consumers while making purchase decisions.

## **3. Research Methodology**

The present research is conducted with the help of secondary data. It is exploratory in nature so the information is basically derived from the existing

literature including various research papers, articles, reports, internet, and other relevant data sources.

#### **4. Review of the Literature**

Social media has resulted in huge changes for businesses and consumers alike. Studies show that consumers are very picky when making purchases. Despite the wealth of information and the amount of knowledge that is available on social media, customers' unique perspectives have a big impact on the products they choose and the ones they buy (Aakansha, 2018).

Consumer behavior is significantly influenced by comments on social media. A dynamic source of social evidence, which is a crucial factor to take into account while making purchases, is social media. More than 51 percent of consumers continuously read reviews on forums or social media before making a purchase to evaluate a good or service. Just one or two uncomfortable reviews can put off a potential customer (Nalkande, 2022).

Numerous academics have currently studied the impact of social media on consumer behavior, but rarely from the perspective of aspiration. Social networks have created a participatory culture where users interact with like-minded others to share ideas, control updates, and solicit feedback and opinions on a variety of goods, services, and events continuously (Bahtar & Muda, 2016).

According to the study on shopping online for homemakers is limited to paperbacks and low-value items with significant discounts since, unlike their professional counterparts, they frequently require an excuse to go outdoors and connect socially. The study also shows that the magnitude of purchase is frequently higher offline than online, primarily because offline influences impulse purchases and rapid satisfaction. According to research, buying is a family custom and an end excuse for shopping trips for Indians. The study also demonstrates that social media influence is limited to fostering knowledge and arousing interest, which promotes informational search. It has no impact on homemakers' purchasing decisions (Gupta & Chopra, 2020).

Consumers use social media because they may enter information in real-time at their convenience. Additionally, consumers are moving away from traditional media outlets like TV and print as platforms to guide their purchases, giving them the freedom to choose what to buy and learn more about a particular brand or product, how, and where they need to. The saturation of knowledge in virtual



judgement is a significant issue (Constantinides, 2014). Social media's vast information base has reduced users' ability to conduct independent research and caused entire data to become impossible to obtain. Website comments were clearly having an impact on users' purchasing decisions and product preferences. Social networking sites are used throughout the entire buying decision-making process, or in the mechanism of realizing necessity, evaluating facts and alternatives, choosing what to buy and where to acquire it, and selecting a response (Daugherty, Eastin, & Bright, 2008).

Although there are several social media platforms that cater to different demographics, Facebook is the most popular and are accessible to everyone. Facebook accounts for around half of the global social media market. Given that human beings appear to have a limited capacity for undertaking knowledge due to their limited sanity, it is not realistic to analyze all of the choices.

Social media entered the world many years after the internet and has since grown in popularity. Its function as a communicator could be the cause. It also mentions social networks, which are defined as websites that link users worldwide who share similar tastes, opinions, interests, and preferences. There are 2.8 billion users of the quickly expanding social media, 73 percent of whom utilize the internet. It can be claimed that social media has created a special place for itself in this regard. The framework of social media that uses an artificial neural network to measure online word-of-mouth is perception (Dwivedi, Kapoor, & Chen, 2015).

Word of mouth or more accurately e-word of mouth, is spread through social networking sites. Because of the internet's potential to reach billions of people around the world, online word of mouth has a powerful voice and a wide reach. An influenced network is characterized as the ability to swiftly modify buying patterns, product or service acquisition, and activity for a rising number of consumers (Gupta & Chopra, 2020).

Social media began as a way to connect with friends and family, but it was quickly adopted by businesses looking to reach out to consumers through a popular new communication tool. The ability to connect and share information with everyone on the planet, or with a large number of people at the same time is the power of social media (Millwood, 2021).

## **5. Ease of Use**

Important findings, such as the beneficial effects of the ease of use, perceived utility, and pleasure on customers' desire to purchase from social networking websites, enhances the aspiration of the social media platforms to improve their function and benefit in addition to just being user-friendly and where consumers can have a positive purchase experience (Evans, 2012). He further researched the major factors influencing customer behavior when making online purchases of products and services in a developing economy. According to the results, utility, stability, ease of use, confidence, and confidentiality are the key motivators. Several perspectives to frame consumer behavior were used as the subject matter for the purpose of the concerned research study.

People may quickly look for product details and complete the purchase procedure without offering thanks to the simplicity of the online platforms. The results of the study indicated a favorable relationship between consumers' purchase intentions and how useful they believe a product to be. This implies that despite having a better purchasing experience, people still opt to purchase goods through social media platforms. Since people are able to shop on social networking sites, it saves their time and increases the likelihood that they will find what they are looking for. Furthermore, there is a clear correlation between social factors and the consumers' desire to purchase (Kaur, 2016).

## **6. e-WOM**

Word-of-mouth advertising between consumers is the second most effective method for the promotion of the sale of goods and services. Consumers can meet in person or communicate online about their ideas for products and services. Word-of-mouth refers to one-on-one contact, and electronic word-of-mouth refers to virtual word-of-mouth. All of these information channels have as their main objective to take into account and gather data regarding other users' expertise and opinions that are significant to consumers (Daugherty & Hoffman, 2014). Users of social media typically influence consumers' inclinations to make purchases. Social media has revolutionized our world in a way that is widely acknowledged. With the click of a button, each of us can share our thoughts and behaviors with a tremendous number of people who can then share them with even more people. Therefore, pressing a button now has financial, social, and political power: it can generate millions of dollars for charities, destroy companies and brands, and even elect representatives. The most important aspect is that it demonstrates the various media that a company may use to market its goods and/or digital services (Erkan & Evans, 2016). Social networking sites keep people informed about the demand

for knowledge, which, in particular, grows during the purchasing process. The quick dissemination of access to social networks and the World Wide Web is advantageous to users. Additionally, buyers can easily and instantly get information about the products and services (Baker, Donthu, & Kumar, 2015).

## **7. Social Media and Consumer Decision-Making**

According to the moderating effect of comparative features, only wealth and regular social networking time showed positive effects on the significant relationship between social networking sites and purchasing choice processes. Given the increase in online purchases and the amount of time people spend on social networks, social media has an impact on consumer purchasing decisions (Dwivedi, Kapoor, & Chen, 2015).

Consumers who have been influenced by social media are four times more likely to spend money on products. There are four areas (Sources of Updates, Influencer, Convenience, and Experience Sharing) where social media significantly influences a person's purchase decision. Online shopping and social networks have shortened the client path. Social media has increased the power of WOM or social proof. The marketing of various social network influencers is one of the best ways to engage viewers. Using stories and intangible content to communicate with an audience is a common practice nowadays. Each social media platform is unique and can be helpful for a number of objectives like promotion and sale of goods and services, increased awareness and knowledge on the part of consumers, and so on (Vermaak, 2021).

The final decision on which goods to buy, along with the retailer, the packaging, and the purchasing procedure, is made by the buyer. The decision to buy will be influenced by additional attitudes and unanticipated circumstances, such as the commodity's affordability. If a negative review regarding a customer's bad experience is read just before the consumer is about to decide whether or not to buy a certain product, it may influence that decision and cause the consumer to decide against buying it (Millwood, 2021).

Other social media factors which may affect the decision of consumers may include the brand awareness created by social media. Social media serves as social proof and a greater force in buying decisions. Promotions, offers, deals, and discounts on social media may increase the urge of the consumer for buying a certain product. Social media influencers are another major important factor contributing to the change in consumer decision-making (Clootrack, 2020).

## **8. Limitation**

As the study is totally comprised of secondary data, so there are still many details unrevealed.

## **9. Conclusion**

Social media is crucial to how consumers decide which products to buy, it is possible to perform research to determine how social media affects consumers' decision-making regarding their purchases. The research found a strong relationship between social media, e-WOM, and ease of use. This study also demonstrates how social media, e-WOM, and the frequency of use affect consumers' purchasing decisions. Also, other factors like brand awareness created by social media, discounts and offers given on various social media platforms, and social media influencers as well have an impact on consumer decision-making. It has been well-investigated that social media has a considerable impact on consumer decision-making. As for the further study, researchers could focus on extending their scope to consider factors besides usability and electronic word-of-mouth.

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## **A Study on Consumer Attitude in Buying Laptop with Reference to Mormugao Taluka, Goa**

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### **Abstract**

Laptops have become an indispensable part of modern life. They offer a range of benefits that make them a preferred computing device for many people. Laptops also provide a powerful computing experience that allows users to work efficiently. Laptops are not just for work; they also provide a great platform for entertainment and are used in education as a tool for learning.

Understanding behavior of consumers towards laptops is becoming a crucial part of market research. Consumer Buying Behavior indicates to the activity taken (both on and offline) by consumers before purchasing a product or service. It is important for companies to study these factors to capture the market. So, keeping in view the importance of the aforesaid subject, an attempt was made to understand on Consumer Attitude in buying Laptop.

The current paper will focused on the factors consumers keep in mind while purchasing a laptop with reference to Mormugao Taluka, Goa. This paper is based on an analysis that will help to study on buying percept of laptops in terms of various factors, reasons for purchase, sensitivity on brands of laptops in the market, and understanding the significance of popular brands holding monopolies in the Mormugao Taluka.

### **Keywords**

Laptop, Mormugao Taluka, Consumer, Buying behavior, and Attitude.

### **1. Introduction**

Corporate governance can be understood as rules and guidelines utilized in coordinating firms of a host country as they have a locational advantage that energizes the inflow of FDI. This is not shocking on the grounds that investors have one or two doubts about murky corporate governance structures both at the firm and large-scale levels in light of the specialized risk to their investments in a climate of poor corporate governance. Recent occasions demonstrate that some of these economies have understood the pertinence of good corporate governance and the need to flag straightforwardness and accountability both at the firm and

national levels and have embarked on huge corporate governance reforms (Appiah Kubi et al., 2020; Adelopo and Obalola, 2009). Dunning (2006) presented corporate governance in his eclectic paradigm as one of the locational benefits that support the inflow of foreign investment. In light of the eclectic theory by Dunning (2006), this study thinks that the decrease or expansion in FDI in an economy depends upon the corporate governance of the economy.

This is extremely evident in light of the fact that the corporate governance of a nation reflects how firms are coordinated and controlled within a nation. Hence, it would be something significant an investor would consider prior to choosing a specific country to invest in (Appiah Kubi et al., 2019; Adelopo and Obalola, 2009; Johnson A., 2006).

Despite the fact that there have been various investigations into corporate governance and FDI (Basson, 2015; Esew and Yaroson, 2014), however, this study affirms the connection between corporate governance and FDI by presenting new pointers for corporate governance (ethical behavior of firms, the efficacy of corporate boards, protection of minority shareholders, and regulations of security and exchange) by competitiveness index report rather than traditional ones (CEO non-duality, board size, board diversity, and board independence). It is against this backdrop that this study separates itself by utilizing new indicators from the Global Competitiveness Index report as a measure of a nation's level of corporate governance to break down the connection between corporate governance and FDI in Sub-Saharan Africa (SSA).

## **2. Objectives of the Study**

- 2.1** To study the consumer behavior while purchasing laptops in Mormugao Taluka.
- 2.2** To find out whether the behavior of the customers of laptops is brand oriented or feature oriented.
- 2.3** To study which laptop manufacturing brand is holding a monopoly in the Mormugao Taluka.

## **3. Scope of the Study**

The study attempts to know the purchase behavior of consumers. The study is confined to the respondents from Mormugao Taluka only. The information is collected and has been systematically arranged so as to impart knowledge to the public on consumer behavior on the purchase of Laptops. The present study is to analyze the consumer attitude and their levels of satisfaction towards laptops in Mormugao Taluka. To begin with, the study examines the inception and growth



of the information and telecommunication industry. Also, information on major laptop brands was obtained via primary and secondary data. An analysis was undertaken based on the field survey and certain conclusions were arrived at from the analysis of the data.

#### **4. Review of the Literature**

- **Pinky Sharma, (2012)** the author has done research in 2012 and the objective behind the study were to identify and evaluate various factors which influence the purchase intent of management and engineering students. She has found out that price, advertisement, features, etc. are the factors that impact on purchase decision of students while purchasing laptops.
- **Polam Sai Teja, (2019)** a study conducted has revealed that Branded Laptops are preferred by the respondents. Price, Features, and Service availability are considered very important while purchasing a laptop. Advertisement is considered either important or not important by the consumers. Factor analysis has done with 13 factors out of which 4 factors have been obtained with high factor loadings. Chi-square test is done between demographic variables and the dominant factors that are obtained by using factor analysis. In all the cases, null hypotheses were accepted except for cases of Educational Qualification with RAM and Income with RAM.
- **Aylar, (2012)** the aims of this study was to measure the relationship and effect of price and brand image on buying. Price plays a vital role and impacts strongly with the buying decision of laptops in the college level students. Similarly, product image plays the main role and influence negatively with the buying choice of laptop. Business organizations of laptops have to consider customers' expectations and also identify the factors that strongly influence consumer buying behaviour on laptop purchasing.
- **Kanika Khera, Inderpal Singh, (2014)** according to this research, students faced various problems while using laptops like internet speed, battery backup, window installation, virus, heavy, costly, and overheating. This study recommends companies to invest in technology through research & development and create differentiation at most level. Making portable laptops with a wide screen, good operating systems, increased RAM size, manufacturing companies should give information to students about campus offers, warranty and insurance, and encourage them for online bookings and benefits associated with.

- **Bitta and Della** the author proposes that a consumer behaviour study indicates marketing segments and marketing strategies. Market segmentation of consumer decision-making and buying behaviour is considered as core marketing activity. The author recommends that consumer is often affected by their behaviour or expected actions. For this reason, such consumer behaviour is said to be an applied discipline.
- **Wahida Farzana, (2011)** this study is to explore how consumers' psychological factors (motivation, perception, and attitude) are associated with brand equity (brand loyalty, brand association, perceived quality, and brand awareness) of laptops. The result revealed that, consumers' motivation to use a laptop and brand association criteria work separately. They consider battery life (brand association) as an important feature while satisfying those purposes. Consumers' attitudes are shaped up by others, especially by family members while buying high involvement products.

## **5. Research Methodology**

The purpose of the study is to identify the consumer behavior on buying laptops in Mormugao Taluka. The information was collected based on 2 forms of data. These are:

### **5.1 Primary Data**

Primary data was collected by means of structured questionnaires and interviews with all people of different age groups in Mormugao Taluka. The focus was to cover the consumer's behaviors of buying laptops. A sample of 140 consumers of different age groups has been collected to draw conclusion in the study.

### **5.2 Secondary Data**

Secondary data was collected by means of various research articles and related websites on consumer behavior on buying laptops. The whole work was divided into groups and finally, all this information was collected and compiled together to prepare a final report.

Personal interviews and questionnaire method during the field survey were the major source of getting information for conducting this project work.

## **6. Limitations of the Study**

- The study was conducted based on data acquired from the buyers of Mormugao Taluka area only and the findings may not be applicable to the other Talukas.

- While conducting the survey, the respondents were hesitating in providing their financial information as their income.
- The data-gathering process for the questionnaires took a lengthy time.

## **7. Consumer Attitude on Buying Laptops**

Consumer behaviour is the study of all the activities associated with the purchase, use, and disposal of goods and services. It is an interdisciplinary social science. It investigates individual qualities such as demographics, personality lifestyles, and behavioural variables to understand people's wants and consumption patterns regarding buying laptops. CRM databases have become an asset for the analysis of customer behaviour, allowing detailed examination of behavioural factors that contribute to customer re-purchase intentions, consumer retention, loyalty, and other behavioural intentions.

## **8. Market Leaders of Laptops in India**

- 8.1 Lenovo:** Lenovo story began more than three decades ago with a team of eleven engineers in China. Lenovo came second overall (including tablets) in 2022, accounting for 19 percent of the total PC market with 1.1 million shipments. Lenovo's shipments grew 29 percent every year to year to surpass the 1 million mark for the third quarter in a row. This growth was bolstered by the vendor's consistent performance in notebook and tablet shipments, which increased 53 percent year on year respectively. Lenovo's ability to channel this mounting demand for notebooks across segments resonates with its global supply chain digitalization initiatives and significant investments.
- 8.2 Apple:** Apple has long held the title of being an 'aspirational' brand in India, fuelled in part by its premium pricing. But beyond the pricing of its products, the Cupertino-based company makes some of the finest hardware across all categories around the world and the same applies to its MacBook range of laptops. The laptops are split across MacBook Air and MacBook Pro line-ups. While the air is for casual users and business executives, the Pro-models thrive on performance that creative professionals would like. The laptops offer a more secure working environment in comparison to competing platforms from the likes of Google and Microsoft. All of this makes Apple's MacBook line up among the best brands in India. Apple generated about 18.8 percent market share in the PC market. As per Canalys, Mac shipments have seen 1 percent growth annually.

- 8.3 Asus:** Taiwan use brand Asus rose to the limelight powered by its gamer-centric offerings under the Republic of Gamers (ROG) banner. In fact, the brand found such popularity for the ROG brand that it even diversified into a smartphone offering. The company has offered laptops with a typical design replete with RGB LED lighting in its gaming laptops. Asus has topped this up with a host of software partnerships, strong battery Life, and offerings across both online and offline stores. Market share in India 20.6 percent and registered nine percent growth in 2022 as compared to 2021 while the market declined by 12 percent, as per IDC's Worldwide Personal Computing Device Tracker.
- 8.4 ACER:** Acer is a Taiwanese multinational hardware and electronics corporation that specializes in the design and manufacturing of personal computers, laptops, tablets, servers, storage devices, displays, and other peripherals. Founded in 1976, Acer has grown to become one of the world's largest computer manufacturers, with a presence in over 160 countries. Acer is known for offering affordable and high-performance products that cater to a wide range of users, from students and home users to businesses and gaming enthusiasts. Some of the popular Acer product lines include the Aspire, Nitro, Predator, and Swift series of laptops, as well as the Veriton series of desktops and workstations.
- 8.5 HP:** HP (Hewlett-Packard) is a multinational technology company that develops and manufactures hardware and software products. Some of their products include personal computers, laptops, printers, scanners, and other imaging equipments were launched in 1939 by William Hewlett and David Packard in a garage in Palo Alto, California. Today, the company is headquartered in Palo Alto and has operations in over 170 countries. In addition to its hardware products, HP also offers software solutions and services for businesses and consumers. Some of their software products include HP Jet Advantage, HP Web Jetadmin, and HP Security Manager is one of the largest manufacturers of personal computers and laptops in the world.
- 8.6 DELL:** Dell is a multinational technology company that specializes in developing, selling, and supporting a huge range of computer hardware, software, and related services. The company was founded in 1984 by Michael Dell and is headquartered in Round Rock, Texas. Dell is best known for its personal computer products, such as desktops, laptops, and tablets, which are marketed under the Dell brand. In addition to its hardware products, Dell offers a range of software and services, including cloud computing, security solutions, and IT consulting. The company has a global presence and operates in more than 180 countries around the world.

## 9. Data Analysis

A survey is conducted of people in Mormugao Taluka. For this purpose, a pre-designed questionnaire was distributed among the consumers with the help of a Google form and the respondents duly filled the questionnaire with their respective opinions.

## 10. Demographic Information of Respondents

A sample survey of 140 consumers was conducted in Mormugao Taluka. The study includes consumers of different ages and occupational status.

- **Age of the Consumers**

**Table 1:- Age of the Consumers**

Age	Number of Respondents
Below 20	40(28.6%)
21to 30	87(62.1%)
31to 40	8 (5.73%)
Above 40	5(3.57%)

*Source:* Primary Data

- **Gender of the Consumers**

**Table 2:- Gender of the Consumers**

Gender	Number of Respondents
Male	58(41.4%)
Female	82(58.6%)

*Source:* Primary Data

## 11. General Information of Respondents

- **Awareness of Computerized Systems**

Out of 140 consumers, 97.9 percent of the respondents are aware of the computerized system through advertisements, social media, magazines, and other modes of websites, whereas 2.1 percent of the respondents are not aware about the computerized system. Hence in today's digital marketing environment, a greater number of respondents are aware about the laptop.

- **Purpose of Purchasing Laptop**

**Table 3:- Purpose of Purchasing Laptop**

Purpose	Number of Respondents
Office/work use	38(27.10%)
Educational purpose	88(62.90%)
Gaming/entertainment	6(3%)
Other purpose	8(7%)

*Source:* Primary Data

The above table shows that 27.1 percent of the respondents use laptops for office/work purpose. Whereas 62.9 percent of the respondents use laptops for educational purpose for doing their assignments, projects, etc. 3 percent of the respondents use laptops for gaming and entertainment purposes and only 7 percent of the respondents use laptops for other purposes. Hence the majority of the respondents use laptops for their educational purposes.

- **Essentiality of Laptop**

The survey indicates 37.1 percent of the respondents strongly agree that laptop is an essential Gadget of life, because it influenced people in many ways and also increases human productivity in making the world a better place in reach and connectivity.

- **Budget of Purchasing a New Laptop**

Out of 140 respondents 33.6 percent of the respondents choose a budget between Rs.20,000 to Rs.30,000. Whereas majority of 47.9 percent of the respondent's budget is between Rs.30,000 to Rs.50, 000. Due to the Covid breakdown, the financial status of the people has been affected therefore the budget of the people has gone down so the average range of the people buying laptops is between Rs.30,000 to Rs.50,000.

- **Current Laptops Information**

**Table 4:- Current Laptops Information**

Information about Current Laptop	Number of Respondents
Friends/Family	75(53.60%)
Magazines/Newspaper/Other Media	45(32.14%)
Laptop Finance Companies	12(8.56%)
Others	08(5.70%)

*Source:* Primary Data

From the above table we can say that 53.60 percent of the respondents got the information about their current laptop from their friends and family, whereas 32.14 percent refers to Magazines, Newspaper, and Other Media. 8.56 percent of the users relied on laptop finance companies and the minority of 5.70 refers to other sources.

- **Reason for Purchasing**

**Table 5:- Reason for Purchasing**

Reason for Purchasing	Number of Respondents
Convenience for connectivity	75(53.60%)
Discount/Offer	31(22.10%)
Influence by Others	20(14.10%)
Others	14(10%)

*Source:* Primary Data

The above table shows there as on for purchasing a laptop. In which 53.60 percent of respondents choose the option of convenience for connectivity because people want comfort with their connectivity and convenience with the laptop .On the other hand, 22.10 percent of the respondents choose to see discounts or offers which are available while buying a laptop. About 14.30 percent of respondents were influenced by others because they can buy easily purchase a laptop whereas minority have other reasons for purchasing a laptop.

- **Mode of Purchase**

The survey was conducted to know the consumers preferred mode of purchasing a laptop. From 140 respondents 74.30 percent were like to purchase the laptop in offline mode, which has the benefits of offline shopping is that consumers can get check the laptop personally and unlike online shopping the product instantly. While at least 25.70 percent of respondents preferred to buy laptops in online mode. People can compare models, pricing and varieties of model's people can get on one site rather than going to offline stores.

- **Fascinating Factors**

**Table 6:- Fascinating Factors**

<b>Fascinating Factors</b>	<b>Number of Respondents</b>
Additional Features	74(52.90%)
Brand Name	33(23.60%)
Design/ Built	31(22.10%)
Others	02(1.40%)

*Source:* Primary Data

The above table shows the fascinating factors while purchasing a laptop. In which 52.90 percent of respondents are looking for additional features laptop like Built- in webcam, screen touches, and microphone, 23.60 percent prefer brand names like Apple, HP, Dell, and Asus, 22.10 percent for design and 1.40 percent for other factors.

## **12. Importance of Laptop**

### **12.1 Preference towards Brand Loyalty**

The survey indicates that customers prefer loyalty towards a particular brand while purchasing a laptop, Majority i.e., 55 percent of the respondents strongly agree towards loyalty of a brand while purchasing a laptop, whereas 34 percent respondents agree and 12 percent respondents strongly disagree with the loyalty of a particular brand while purchasing laptop. Therefore most of the consumers are familiar with certain brands as they provide quality assurance, and customer service, etc.

### **12.2 Influence of Advertisement**

The study represents the crucial role of advertisement in influencing the purchasing behaviour of consumers while buying a laptop 62 percent i.e., the majority agree to the fact that advertisement plays a crucial role while purchasing, whereas 27 percent thinks that advertisement sometimes influences the behavior as they are attention-grabbing, persuasive and informative. 11 percent agree to the fact that advertisements influence purchasing behavior.

### **12.3 Mode of Payment**

The survey represents the mode of payments preferred by the consumers for making a payment after purchasing the laptop. 45 percent prefer cash as it is used while 32.1 percent prefer debit/credit card as the mode of payment whereas 12.1 percent are in the favour of net banking while others i.e., 3.7 percent prefer other modes of payment.



## **13. Features**

### **13.1 Minimum Expectations of Buyers**

The survey depicts a minimal expectation when purchasing a laptop from 140 respondents. 15 percent of buyers require higher resolution screens for clear vision and to protect their eyesight, while 48 percent require a battery backup for laptops to last for a longer period of time, 29 percent require desktop class graphic performance for a better gaming experience, and only 8 percent require USB type charging for their laptops because it is in expensive and widely available in the market.

### **13.2 Price Consideration**

Consumers strongly agreed for price consideration when purchasing laptops, with 37.9 percent strongly agreeing and 47.1 percent agreeing, while 14.3 percent neutral and 0.7 percent disagreed. This shows that money and budget play a crucial role while purchasing laptops.

### **13.3 Reason for Replacement of Current Laptop**

The majority of the users indicate that 51 percent would replace their current laptops for the new features provided by the new laptops whereas 30 percent are not comfortable using out dated laptops as they want to try on new technology. 12 percent of the user are fascinated towards new models and 7 percent of the users would like to explore new brands. The outcome interprets that the users like to be technologically up to date.

### **13.4 Comfort ability using Outdated Laptop**

From survey shows how many respondents are comfortable using outdated laptops. Out of 140 respondents, 27 percent agree with the fact that they are comfortable using out dated laptops, since it's affordable, compatible and some people are resistant to change, while majority of 42 percent of the respondents had neutral opinions. 12 percent of respondents strongly disagree along with 19 percent who disagree with the statement of using an outdated laptop as it has outdated features and people like to be technologically advanced.

### **13.5 Features Preferred by the Consumers**

The study depicts that out of 140 respondents, 21 percent prefers a good processor whereas 15 percent of them prefers RAM size. A minority of 10 percent consider battery backup as a good feature and a majority of 54 percent would go for all the features. The reason for this could be that the respondents like to enjoy multiple features.

**Table 7:- Features Preferred by the Consumers**

Features	Number of Respondents
Processor	30(21%)
RAM size	21(15%)
Battery backup	14(10%)
All	75(54%)

Source: Primary Data

## **14. Popularity among the Brands**

### **14.1 Superiority of Well-known Brands**

The study shows consumer reaction on whether well-known brand represent better quality, It shows that out of 140 responses 28.6 percent strongly agrees that well-known brand represents better quality along with 49.3 percent which agree with the statement, whereas 15.7 percent consumers have shown neutral reaction on the statement. On the other hand 6.4 percent consumers disagree with the view that well-known brand represents better quality. The majority of the consumers agree with the view because consumers think that well-known brand will always deliver better quality in order to maintain their standards, Goodwill, trust of the buyer etc.

### **14.2 Influence of Brand Ambassador in Purchasing**

The survey it indicates that out of 140 consumers 13.6 percent strongly agree along with the 36.4 percent consumers which agree that brand ambassador influences their purchasing behaviour. Whereas 22.1 percent have shown neutral viewpoint on the belief, on the other hand 22.9 percent disagree along with 5 percent who strongly disagree with the thought that brand ambassador influences their purchasing behaviour. The reason for this outcome is that brand ambassadors creates a psychological attraction and attachment in the buyer towards that particular brand while in the course of purchase.

**Table 8:- Which Brand of Laptop are you Currently Using?**

Brands	Number of Respondents
Apple	10(7.1%)
HP	29(20.7%)
Dell	25(17.9%)
Asus	7(5%)

Brands	Number of Respondents
Lenovo	53(37.9%)
Acer	12(8.6%)
Others	4(2.8%)

*Source:* Primary Data

The above table indicates the various brands of laptops which the respondent is currently using. The table shows that out of 140 responses, 7.1 percent of respondents are using laptops of apple brand, whereas 20.7 percent are using HP laptops, 17.9 percent are using Dell laptops, 5 percent are using Asus laptops, 37.9 percent of the respondents are using Lenovo laptops, 4 percent are using Acer and 2.8 percent of respondents are currently using other brands laptops. The number of consumers using Apple and Asus is comparatively less because they are costly and a middle-range group of people (age group of 21 yrs. to 40 yrs.) couldn't afford it.

## 15. Recommendations

### 15.1 Primary Source of Information

The below table shows the primary source of information, 30 percent of the respondent's choose to check e-commerce website to buy and sell physical goods, services, and digital products over the internet whereas 27.9 percent choose to watch video reviews on YouTube before buying a new laptop. About 18.6 percent have chosen to visit offline store stock check options, whereas 23.9 percent choose to ask friends and family members for recommendations to buy a new laptop

**Table 9:- Primary Source of Information**

Primary Source of Information	Number of Respondents
Check e-commerce Website	42(6.40%)
Watch Video Reviews on YouTube	39(27.90%)
Visit Offline Stores to Check Options	26(18.60%)
Ask Friends and Family Members for Recommendation	33(23.90%)

*Source:* Primary Data

### 15.2 Use of Laptop by School Kids

The survey shows that out of 140 Respondents, 12.9 percent agree that laptop used by school kids is reasonable, whereas 30.7 percent only agree that laptop should be given to school kids as due to technological advancements laptop has become important in educational sector. It is

observed that 40.7 percent of respondents choose Neutral, neither they agree or disagree that the use of laptop should be given to school kids. 9.3 percent disagree to give a laptop to school kids. Whereas 6.4 percent strongly disagree that it is reasonable to give laptops to school kids.

### 15.3 Videos Watched before Buying a New Laptop

As per the survey, 25 percent of the consumers watch 1 to 2 videos before buying a new laptop and 30 percent watch 2 to 4 videos before going to buy a new laptop. Whereas 39.3 percent watch more than 4 videos before they buy a new one as many opinions are better than few. And 5.7 percent do not watch any videos before buying a new laptop.

### 15.4 Comparing before Finalizing One Laptop

It is observed that, 36.4 percent of respondent compare 2 to 3 laptops before they buy a new one, whereas 40.7 percent choose to compare 4 to 5 laptops before they finalize one laptop as it is good to explore different options. 18.6 percent compare more than 5 laptops before they finalize one laptop to buy. And there are 4.3 percent do not compare before they finalize one laptop.

### 15.5 Brand of Laptop Recommended to Others

**Table 10:- Brand of Laptop Recommended to Others**

Brand of Laptop Recommend to Others	Number of Respondents
Apple	29(20.70%)
HP	34(24.30%)
Dell	31(22.10%)
Asus	18(12.90%)
Lenovo	18(12.90%)
Acer	6(4.30%)
No suggestions	4(2.80%)

*Source:* Primary Data

From the above table, it has been observed that out of 140 respondents, 20.7 percent of the respondents recommend to others to buy Apple Laptop, whereas 24.3 percent advice others to buy HP laptop as this brand provides multiple options for personal and professional use. Around 22.1 percent suggested buying Dell laptops to others and 12.9 percent advised other people to buy Asus and Lenovo. Whereas 4.3 percent recommend other's

people to buy Acer laptop, and 2.8 percent did not give any suggestions to other people to buy a new laptop. The brand to others is HP since this brand offers a wide range of alternatives for both personal and professional usage.

## **16. Findings, Conclusion, and Suggestions**

### **16.1. Findings**

- **To study the consumer behavior while purchasing laptops in Mormugao Taluka.** It identifies the target audience or group of people who are likely to buy laptops in that area. This was accomplished by examining demographic data such as age, income, education level, and occupation. Then, the other set of data was gathered on their purchasing habits through surveys or interviews. Some of the factors influencing consumer purchase behavior are need and motivation, brand preference, price sensitivity, and customer service.
- **To find out whether the behavior of the customers of laptop is branded oriented or laptop's features oriented.** When it comes to purchasing laptops, customer behavior can be influenced by a variety of factors. For example, some customers may be more brand-oriented and prefer to purchase laptops from well-known, more reliable, and trusted brands. Other customers may be more feature-oriented and prioritize specific features and specifications when purchasing a laptop, such as processing power, battery life, and so on. When it comes to purchasing a laptop, customers' behavior will ultimately be determined by their personal preferences and needs.
- **To study which laptop manufacturing brand is holding a monopoly in the Mormugao Taluka.** The laptop market is highly dynamic and competitive, with multiple brands varying in market share. Therefore, it is unlikely that any one brand would hold a complete monopoly in the laptop market. However, some brands may have a dominant market position in Mormugao Taluka. There are a few laptop manufacturing brands that hold a significant market share and could be considered as having a near-monopoly in the Mormugao Taluka include Lenovo, Dell, and HP.
- **To analyze consumer behavior while purchasing laptops through conducting a survey.** Through the survey it is found that most of the consumers are students and have purchased laptops for educational purposes. Money and budget play a significant role in influencing their buying behavior. While buying laptops consumers look for features like

processor, RAM size, battery backup, etc. at affordable discounted rates. After analyzing the results of the survey, several key insights emerged. Price, brand reputation, technical specifications, online research, retail experience, and design and aesthetics were all found to be important factors in the consumer decision-making process.

## **16.2. Conclusion**

Laptops are portable personal computers that have become an essential tool for many people in today's modern world. They offer the convenience of being able to work, communicate, and entertain oneself from almost anywhere, whether at home, in the office, or on the go. As technology continues to advance, it is likely that laptops will continue to evolve and become even more powerful, versatile, and indispensable in our daily lives. The study had been conducted in Mormugao Taluka to understand the consumer attitude towards buying laptops. The findings of the study indicate that consumer of different ages, genders as well as occupational statuses are well-versed with computer systems and consider laptops as an essential gadgets in life.

It was found that a majority of the users use laptops for educational purposes followed by work and official use. Major section of students being the buyers have mid-range budget for purchasing laptops, this shows that the educational sector is highly dependent on computer systems and the use of laptops by school kids is considered as reasonable by many. Friends, family, internet, and media like newspapers and magazines are considered to be reliable sources of consumer information as most of the users purchased their laptops after referring to the mentioned sources.

Buyers are most motivated to purchase the laptop by discount offers. They prefer offline purchasing since it is more convenient as one gets to see the laptop at the store and also try out the various features offered by a particular brand of laptop and also make comparisons between different models and brands. The study also found that buyers are loyal to a particular brand and agree that well-known brands represent superior quality, this results in a high impact of brand ambassadors and advertising on consumer purchase behavior. Among the laptop users the most used laptop brand was found to be Lenovo and the most recommended brand of laptop is HP.

### 16.3. Suggestions

- To charge a lower price for the laptop than its rivals, encouraging customers to buy their goods.
- To advertise the laptop discounts more widely so that consumers are aware of the specifics of the discounts being given and may compare the discounts being offered with those of other manufacturers.
- Make local service centers available, because consumers value after-sales service.
- Timely promotion of items through print media so that consumers are aware of product information.
- Discounts on accessories might also influence a buying decision. To incentivize buyers, dealers might provide discounts on accessories after sales for a year or two.
- Customers desire assistance at their doorsteps but are unaware that dealers provide home delivery. As a result, steps must be done to raise awareness in this area.
- The majority of users obtain laptops through bank loans. As a result, businesses must devise appealing lending options for their clients. Word of mouth is an efficient mode of communication. As a result, the dealer should retain current customers pleased by offering exceptional service and encouraging consumers to comment positively about the service they received.

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## **An Analysis of Covid-19 and Asset Quality of Indian Public Sector Banks**

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### **Abstract**

NPAs have always been a problem for banks in India. This paper studies and compares the NPAs of public sector banks in India. For the purpose of comparison statistical tools like the Shapiro Wilk Test, Wilcoxon signed rank test, and before and after paired T-test have been used. The study concludes that Gross and Net NPA have declined from March 2020 to March 2021 despite the impact of the Covid-19 pandemic. This study analyses the factors responsible for the decline in NPAs. For the purpose of this study, secondary data from the RBI's website along with the data collected from the annual reports of the public sector banks has been used.

### **Keywords**

Non-performing assets, Public sector bank, Covid-19, and Reserve bank of India.

### **1. Introduction**

Banks provide financial stability to the economy. Banks are agents that accept public deposits and create credit in the form of loans and advances thus creating the flow of credit in the economy. However, when banks extend credit in the form of loans and advances they also expose themselves to the risk of non-recovery there by creating Non-performing Assets. Building up of Non-performing Assets (NPAs) disrupts the flow of credit (Agarwala & Agarwala, 2019). It also dents the growth of other sectors of the economy. Of late the profits of PSB have been dwindling in light of the increasing NPAs. Covid-19, the health crisis of 2020 further damaged the already bruised banking industry. RBI's Financial Stability Report (FSR) of 2020 foresaw a surge in the Gross NPA ratio of the banking sector up to 13.5 percent in September 2021, from 7.5 percent in September 2020.

## **2. Meaning of Non-performing Assets**

Loans and Advances are the assets of a bank. When the bank fails to recover the principal as well as the interest amount of the loans from the borrowers they become bad loans. In banking these bad loans are referred to as Non-performing Assets (NPA) or Non-performing Loans (NPL).

RBI defines an NPA as “An asset, including a leased asset, becomes non-performing when it ceases to generate income for the bank. A ‘Non-performing Asset’ (NPA) was defined as a credit facility in respect of which the interest and/ or instalment of principal has remained ‘past due’ for a specified period of time.”

As per RBI’s Master Circular on Income Recognition, Asset Classification, Provisioning & Other Related Matters, with effect from March 31<sup>st</sup>, 2004, “a non-performing asset shall be a loan or an advance where:

- (i) Interest and/or instalment of principal remain overdue for a period of more than 90 days in respect of a Term Loan.
- (ii) The account remains 'Out of order' @ for a period of more than 90 days, in respect of an Overdraft/ Cash Credit (OD/CC).
- (iii) The bill remains overdue for a period of more than 90 days in the case of bills purchased and discounted.
- (iv) For agricultural loans, the principal or interest amount remains overdue
  - a) for two crop seasons in case of short-duration crop loans.
  - b) for one crop season in case of long-duration crop loans.
- (v) Any amount to be received remains overdue for a period of more than 90 days in respect of other accounts.”

## **3. Impact of NPA**

**3.1** Banks do not have adequate funds to lend for other profitable economic operations.

**3.2** Banks are forced to raise interest rates in order to retain their profit margins.

**3.3** Unemployment rates may rise as investment freezes.

## **4. NPA Norms during Covid-19**

**According to the RBI Governor Shaktikanta Das’ statement on April, 17, 2020** “On March 27, 2020, the RBI had permitted lending institutions (LIs) to grant a moratorium of three months on payment of current dues falling between March 1<sup>st</sup> and May 31<sup>st</sup>, 2020. It is recognized that the onset of Covid-19 has also exacerbated the challenges for such borrowers even to honour their commitments fallen due on or before February 29<sup>th</sup>, 2020, in Standard Accounts. The Basel

Committee on Banking Supervision (BCBS) has taken cognizance of the financial and economic impact of Covid-19 and very recently announced that “..... the payment moratorium periods (Public or granted by banks on a voluntary basis) relating to the Covid-19 outbreak can be excluded by banks from the number of days past due” in respect of NPA recognition. RBI Governor Shaktikanta Das also said. “In respect of all accounts for which lending institutions decide to grant moratorium or deferment, and which were standard as on March 1<sup>st</sup>, 2020, the 90-day NPA norm shall exclude the moratorium period, i.e., there would an asset classification standstill for all such accounts from March 1<sup>st</sup>, 2020, to May 31<sup>st</sup>, 2020.”

## **5. Objectives of the Paper**

- 5.1** To get an understanding of the concept of NPA in banks.
- 5.2** To study the impact of Covid-19 on the NPA of banks in India (PSB).
- 5.3** Suggest measures to reduce NPAs of PSB.

## **6. Research Methodology**

The present study of non-performing assets is confined and restricted to Indian public sector banks and data is analysed for the years 2020-2021 with the intent to measure the change in GNPA and NNPA during the health crisis of 2020. For the purpose of this study, secondary data has been collected from the RBI website for the year ending 31<sup>st</sup> March 2020 & 31<sup>st</sup> March-2021. Also for the reference, the author visited the websites of the various PSB.

In order to draw inferences about the effect of the health crisis on GNPA and NNPA, descriptive statistics (using tables and graphs) is being used for each bank. Microsoft Excel is used for statistical analysis. Research on significant differences between pre and post Covid-19 GNPA and NNPA of public sector banks is conducted using parametric and non-parametric tests namely, and before and after Paired t-test, Shapiro Wilk test, and Wilcoxon signed rank test.

## **7. Review of the Literature**

- 7.1 Jain et al., (2021)** the paper studies the financial performance of banks in terms of soundness, asset quality, stability, and competence. It also analyses Non-performing Assets (NPA) both gross and Net Non-performing Assets in public, private, and foreign banks. The study concludes that with an increase in total income, there is an increase in Non-performing Assets on the contrary there will be a decrease in profit with an increase of Non- performing Assets.

- 7.2 Selvam & Premnath, (2020)** the writers compared NPAs to a crown that has piqued the nation's interest. The authors also propose that an acceptable model for calculating NPAs in Indian banks be developed in order to prevent loans and advances from becoming NPAs. According to them, the growing level of NPA is due to banks' ineffective credit evaluation mechanisms, which fails to track post-disbursement loan accounts in order to prevent them from becoming NPA. Excessive non-performing assets (NPAs) implies a large benefit to the largest number of loan defaults, which affects the banks' profitability and total assets, as well as disintegrates the advantage estimation.
- 7.3 Chary, S, N., & Fasi, M. (2019)** the authors observe that an increase in non-performing assets (NPAs) directly creates an impact on the financial performance of the banks. They suggest that a high NPA points at defaults in repayment that continue to increase in large numbers, and ultimately affects “the profitability and net worth of banks.” This paper studies the concept of NPAs and review of literature on NPAs, of select banks for a period of 10 years (2009-2018) and the present state of public sector banks in terms of profitability. The article studies the impact of NPAs on the performance of select public sector banks in general.
- 7.4 Agarwala & Agarwala, (2019)** their paper assessed the growth rate of NPAs of private sector banks and found that the NPAs are low in private sector banks as compared to the nationalised banks, including SBI and its associates. They also pointed “that nationalised banks and the associate banks of SBI failed to handle the issue of poor loans effectively” which ultimately led to the growth of non-performing loans.
- 7.5 Shaban, (2018)** the paper examines the impact of Non-performing Assets on the profitability of Indian commercial banks i.e. public banks, private banks and foreign banks. For this purpose data has been collected from the RBI database, for the period covering 11 years (1<sup>st</sup> April 2006 to 31<sup>st</sup> March 2017). The study uses Regression analysis. To examine the impact on profitability ROA (return on assets) and ROE (return on equity) have been used as proxy variables whereas Gross NPA to Gross advances ratio and Net NPA to Net advances ratio are the independent variables in this paper. The study concludes that NPA directly affects profitability of banks.

- 7.6 Tripathy, S, Yadav, (2016)** NPAs of banks indicate the credit risk undertaken by them. The more the NPAs the lower the performance of the bank. In India NPAs are increasing because of faulty lending policy and the compulsion of lending to priority sectors by commercial banks; therefore NPAs have become a debatable topic today in the Indian banking sector and it needs to be reduced to improve the profitability and efficiency of banks. In this paper the authors analyse the concept of non-performing assets in the Indian banking sector.
- 7.7 N.A. Kavitha Muthumeenakshi, M, (2016)** this study shows that the extent of NPA of public sector banks is much higher when compared to private banks. Although various steps have been taken by the government to reduce the NPAs, still a lot needs to be done to curb this problem.
- 7.8 Joseph, (2014)** Studies the trends of NPA in the Indian banking sector, and further investigates the factors that mainly contribute to the rising NPA in the Indian banking industry. The author also suggests measures to overcome the burden of NPA on the banking industry.

## **8. Findings and Analysis**

This study is descriptive since it deals with statistical data and the main aim of the report is to analyse the difference between Net and Gross Measures of NPA pre- and post- Covid-19. Measures of Gross and Net NPA for twelve Indian banks have been collected for this analysis.

### **A Comparative Analysis of Gross Non-performing Assets during pre and post Covid-19.**

For the above study, statistics related to Gross NPA and Net NPA have been analysed and inferences have been drawn. The following tests have been used:

**Test 1: Shapiro Wilk Test:** Normality has been tested using the Shapiro Wilk test. In case the differences do not follow normal distribution, non-parametric tests may be applied to test the differences.

**Test 2: Wilcoxon Signed Rank Test:** This non-parametric test allows us to test for the differences between paired measurements when the data does not follow normal distribution.

**Test 3: Before and After Paired T-test:** This test allows us to test for the differences between the paired measurements under the assumption that the pairs must be independent, and the differences are normally distributed.

A trend in the gross and net non-performing assets of Banks has been seen through tables and graphs comparing Gross and Net NPA during March 2020 (in %) and March 2021 (in %).

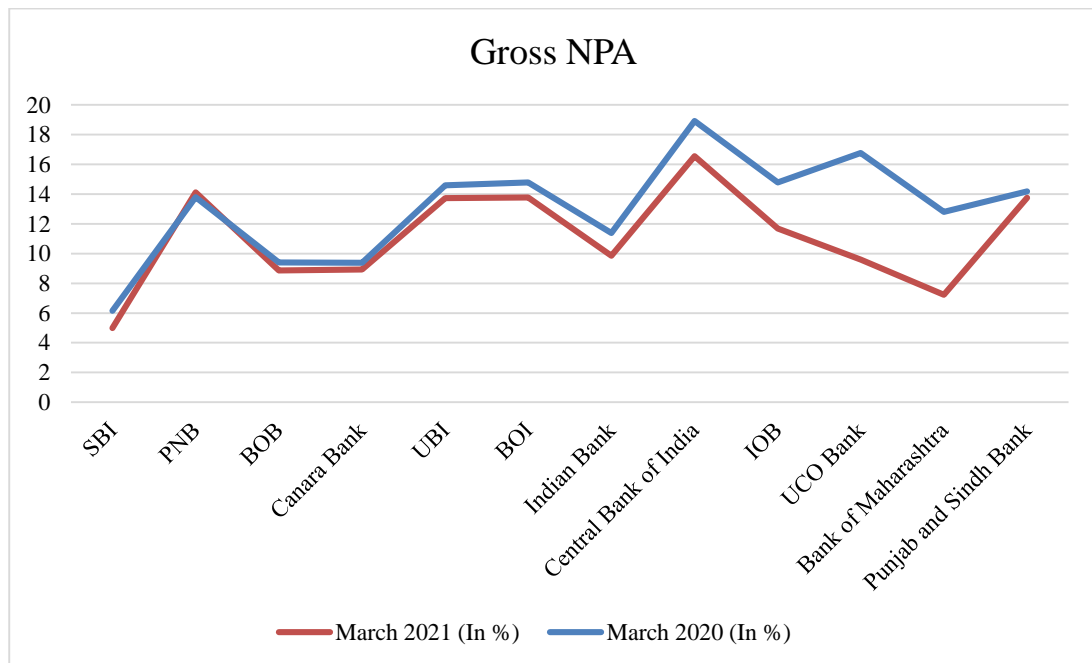
**Gross NPA-**

**Table 1:- Gross NPA during March 2020 and March 2021**

Bank	March 2021 (in %)	March 2020 (in %)	Variation
SBI	4.98	6.15	-1.17
PNB	14.12	13.79	0.33
BOB	8.87	9.4	-0.53
Canara Bank	8.93	9.39	-0.46
UBI	13.74	14.59	-0.85
BOI	13.77	14.78	-1.01
Indian Bank	9.85	11.39	-1.54
Central Bank of India	16.55	18.92	-2.37
IOB	11.69	14.78	-3.09
UCO Bank	9.59	16.77	-7.18
Bank of Maharashtra	7.23	12.81	-5.58
Punjab and Sindh Bank	13.76	14.18	-0.42

**Source:** Report on Trend and Progress of Banking in India 2020 &21

Table 1 depicts that the Gross NPA during March 2021 is less than the Gross NPA during March 2020 for 11 banks in total. However, the Gross NPA for Punjab National bank has increased from March 2020 to March 2021.



Source: Report on Trend and Progress of Banking in India 2020 & 21

**Figure 1:- Line Chart Showing Variations in Gross NPA**

Figure 1 depicts that gross NPA during March 2021 is less than the gross NPA during March 2020

**Table 2:- Shapiro Wilk Test for Checking Normality**

Data	Value
W-statistic	0.832661843
p-value	0.025302746
alpha	0.05
normal	No

Source: Calculated by the authors

It is inferred from Table 2 that the data for Gross NPA of banks pre and post-Covid-19 does not follow Normal distribution since the computed p-value  $< 0.05$  at 95 percent confidence level. Therefore, a non-parametric test namely, Wilcoxon signed rank test has to be applied to study the hypothesis.

### Hypothesis Testing

**Null Hypothesis:** The paired mean difference is zero i.e., the Gross NPA for March 2020 is equal to the Gross NPA for March 2021.

**Alternative Hypothesis:** The paired mean difference is less than zero i.e., the Gross NPA for March 2021 is less than the Gross NPA for March 2020 (one-tailed).

**Table 3:- Wilcoxon Signed Rank Test for Analysing Paired Mean Difference**

Data	Value
Sample size	12
Alpha	0.05
Calculated value of test-statistic W	1
Critical value of test-statistic W	17

*Source:* Calculated by the authors

It is inferred from Table 3 that the two samples do not follow the same distribution since calculated value of test-statistic  $W < \text{Critical value of test-statistic } W$ , therefore the null hypothesis can be rejected at 5 level of significance.

It can be concluded that the Gross NPA has been affected by the Covid-19 Pandemic. The Gross NPA during March 2020 was greater than the Gross NPA during March 2021.

### NET NPA

**Table 4:- Net NPA during March 2020 and March 2021**

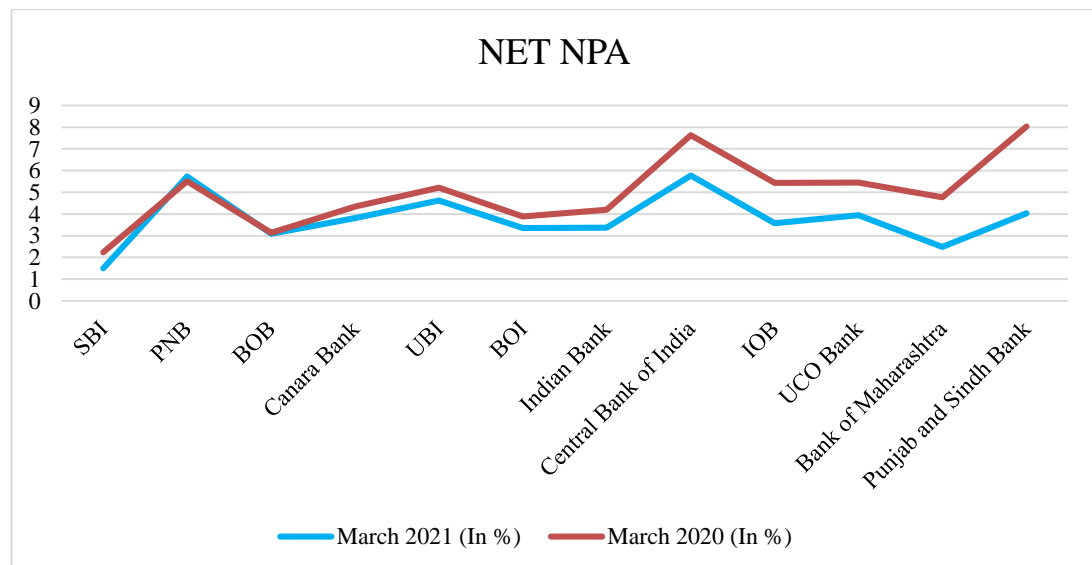
NET NPA			
Bank	March 2021 (in %)	March 2020 (in %)	Variation
SBI	1.5	2.23	-0.73
PNB	5.73	5.51	0.22
BOB	3.09	3.13	0.04
Canara Bank	3.82	4.34	0.52
UBI	4.62	5.22	0.6



Bank	March 2021 (in %)	March 2020 (in %)	Variation
BOI	3.35	3.88	0.53
Indian Bank	3.37	4.19	0.82
Central Bank of India	5.77	7.63	1.86
IOB	3.58	5.44	1.86
UCO Bank	3.94	5.45	1.51
Bank of Maharashtra	2.48	4.77	2.29
Punjab and Sindh Bank	4.04	8.03	3.99

Source: Report on Trend and Progress of Banking in India 2020 & 21

Table 4 depicts that the Net NPA during March 2021 is less than the Gross NPA during March 2020 for 11 banks in total. The Net NPA for Punjab National Bank has increased from March 2020 to March 2021.



Source: Report on Trend and Progress of Banking in India 2020 & 21

**Figure 2:- Line Chart showing Variations in Net NPA**

Figure 2 depicts that net NPA during March 2021 is less than the net NPA during March 2020.

**Table 5:- Shapiro Wilk Test for checking normality**

Data	Value
W-statistic	0.880236564
p-value	0.104768172
alpha	0.05
normal	Yes

*Source:* Calculated by the authors

It is inferred from Table 5 that the data for Net NPA of banks pre- and post-Covid-19 follows Normal distribution since the computed p-value  $> 0.05$  at 95 percent confidence level.

Therefore, to test if the Net NPA as on 31<sup>st</sup> March, 2020 and 31<sup>st</sup> March, 2021 is equal, a paired t-test has to be applied to the dataset.

### Hypothesis Testing

**Null Hypothesis:** The paired mean difference between March 2020 and March 2021 is zero.

**Alternative Hypothesis:** The paired mean difference is less than zero i.e., the Net NPA for March 2021 is less than the Net NPA for March 2020. (One-tailed).

**Table 6: - Paired T-test for Analysing Paired Mean Difference**

Data	Value
Sample size	12
Alpha	0.05
t critical one-tail	1.795884819
t stat	-3.599516145
P(T<=t) one tail( p-value)	0.002086732

*Source:* Calculated by the authors

From Table 6, it is inferred the population means are different. Since the calculated p-value is less than 0.05, we can reject the null hypothesis at 5 percent level of significance.

Past trends reveal that Net NPA continues to decline each year. Using this test, it can be concluded that the average Net NPA for March 2021 is less than the average net NPA for March 2020. Thus the pandemic has not significantly affected NNPA.

## **9. Findings**

Gross and Net NPA have declined from March 2020 to March 2021 despite the impact of Covid-19 pandemic. This is predominantly a result of many factors. In order to clean their bank sheets, Banks wrote off relatively more NPAs in 2020. To maintain healthy balance sheets, banks chose to write-off relatively more NPAs. This is because banks need to provision a part of their profit as a buffer for prospective losses and thus, NPAs reduce a bank's available capital to lend new loans.

Due to debt-recovery channels, large NPA accounts got resolved which led to a decline in gross and net measures of NPA. Transparent recognition of stressed assets as NPAs led to a rise in Gross NPA and later, because of the government's strategy of recognition, resolution, recapitalization, and reforms, the Gross NPA declined from March 2020 to March 2021.

The decline of NPA was expected since several government support schemes for MSMEs had helped borrowers to conserve cash flows. Examples: Covid related restructuring scheme for MSMEs till March 31, 2021 and Resolution Framework 2.0 scheme for personal loans and MSMEs till September 30, 2021.

Various relief measures, such as a suspension on loan repayment, a halt to asset categorization, and cash supplied to borrowers under a guaranteed emergency credit line, have all contributed to the recovery in asset quality. However, the asset quality challenges are expected to return when the impact of these actions wears off.

### **Measures to check NPAs in India**

The government and RBI have undertaken numerous initiatives to control the NPAs. These are as follows –

- RBI has introduced Debt Recovery Tribunals (DRT) to address the problem of NPA's.
- Asset Reconstruction Companies (ARC) are being encouraged to expand.
- The Insolvency and Bankruptcy Code, as well as corporate debt restraint, were introduced.
- The 5:25 rule, or Flexible Restructuring of Long-Term Project Loans to Infrastructure and Core Industries, was implemented.
- Mission Indradhanush introduced to restructure public sector banks.
- SAMADHAN is a new programme that focuses on asset management and debt restructuring.
- Banks to review asset quality.
- NPAs to be dealt with by Lok Adalat, the Credit Information Bureau.

### **10. Further Scope of Study**

The study examines change in NPA in PSB, which can be extended to PvSB.

Also, for the purpose of this study dataset of 2 years has been used. However, the authors feel that the impact of Covid-19 on NPA's of commercial banks will be on a longer period of time.

### **11. Conclusion**

The above study concludes that impact of Covid-19 on NPA's of public sector banks in India was not visible in fact the NPA's decreased in March 2021. This can be credited to the stringent measures undertaken by RBI that our public sector banks sailed through the difficult times smoothly. However we need to be more vigilant for the NPA's in commercial banks may surface over a period of time. As analysts have predicted that this might be a likely build-up of hidden stress.

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