

# Jaipuria International Journal of Management Research

*July - December 2019 • Issue 02*

VOLUME

05

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- An Observational Study**

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**'Indian' Motor Cycle in India**

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**Book Review**

**Free Trade and Prosperity**

Rajnish Shankhdhar

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## *Chief Editor's Desk*

With utmost pleasure, I put before you latest issue of our journal for the period of July to December 2019. I am feeling pride that our journal 'Jaipuria International Journal of Management Research' has completed its journey of five years as an independent journal on different aspects of management research. This journey was not possible without active contribution of all our authors, reviewers and editors. My compliments to all on this occasion.

We are continually striving hard for uplifting quality of this journal and further enriching its' contents. Bringing out journal issue in time for continually five years is a testimony of researchers and academia trust in publication ethics and quality of our journal which provides a platform for publishing latest research in management discipline without any bias of any kind. I would like to reiterate that we are publishing this journal to promote research culture across globe and it is entirely not-for-profit venture and authors can publish their research absolutely free of cost with only condition of providing original research contents relevant in today's context and in management discipline written strictly in accordance with author guidelines of the journal.

With each passing year, IJMR contents are reaching to large number of universities and institutions through different modes. Its' full text is available in Ebsco Management Collection, an international database, e-journal is available through i-Scholar of Informatics India and journal is indexed in many international indexing databases. We will keep striving for its inclusion in Scopus and Web of Science too and will put our best efforts to achieve this. We are continually presenting our case with UGC-CARE authorities and a number of universities have recommended our journal for inclusion in UGC-CARE list. A decision by UGC-CARE committee however is still expected. I am quite sure we shall soon be getting positive response regarding inclusion of our journal in these lists. I reiterate that we shall continue our efforts of publishing quality research papers and providing a platform for both budding and established researchers to publish their latest research work irrespective of inclusion of journal in these indexes.

As always, we are following double blind review process for all submissions after checking the same for plagiarism first. We also collaborate with different conferences being held in management research area and include few selective papers from such conferences. Proposals from organizers of conferences in management science are invited for association with the journal for publishing selective papers after thorough review process.

Contents of this issue encompass latest research related to different aspects of economy including international trade and overcoming poverty, Indian trade with ASEAN, measuring micro, small and medium enterprises performance, status and impact of government health initiatives 'Ayushman Bharat'. The issue has papers related to entrepreneurship and society uplift, products and demographic considerations and also two papers on education and on attracting right students in B-schools. Further, this issue also covers case of launch of 'Indian' brand motorbike in India by Polaris India from point of view of its marketing mix, entry strategy and positioning. Finally, the book review of the latest book titled 'Free trade and prosperity by Arvind Panagariya' who was Economic Advisor, Government of India till one year before is also included.

I look forward for more and more contributions from both academia and practitioners to further enrich the quality of the journal and appeal all universities and colleges International Quality Assurance Cells (IQAC) to recommend this journal to the nodal agencies of UGC-CARE list for inclusion in the list.

**Dr. Dayanand Pandey**

Chief Editor – Jaipuria International Journal of Management Research  
Director – Jaipuria Institute of Management, Noida



## Editorial

With great pleasure, we present to you all second issue of the fifth volume of our journal for the period of July to December 2019. With this we have completed five volumes of the journal strictly maintaining the time schedule and publication quality of the journal. Journal has achieved many glories during this five years' period and it has been recognized as the most punctual journal following its publishing schedule always. Its' online version has been included in Ebsco Management Collection, an international aggregator database of journals exclusively for management domain. Informatics India has tied up for including journal on its iScholar platform for its e-version. Journal is indexed in Ebsco Discovery platform, Scientific Indexing Services (SIS), USA, Root Indexing, J-Gate: Social and Management Science Collection, Copernicus and International Scientific Indexing (ISI). It was included in UGC list of journals also in past and we sincerely hope that it will be included soon in UGC-CARE list also.

Current issue of the journal contains eight research papers, a case study and a book review. The first paper titled "Introduction to Fintech 3.0 and its Penetration to the Indian Banking System" looks into different Fintech solutions available globally which are used in Indian banking system and how Fintech is used as a core-service enabler by leading banks of India for customer centricity and operational efficiency.

Next paper on "Mapping MSMEs Performance with respect to Government Schemes" correlates various schemes offered by Government of India for MSMEs sector to their contribution to GDP of India. It also investigates performance of 'Credit Guarantee Scheme for Micro, Small and Medium Enterprises' from 2012 to 2017.

Third paper on "India's Textile and Clothing Trade with ASEAN" discusses India's trade and economic interaction with the ten-nation ASEAN and contribution of ASEAN block in global trade of India. Fourth paper on 'The Study of Factors that Make Students' Interest to TVET Programme' looks into technical and vocational education (TVET) scenario in Malaysia with the aim of understanding public perception about TVET education.

Next paper titled 'Eco-friendly Women Entrepreneurship in Rural Areas: A Paradigm Shift for Societal Uplift' is an interesting study on eco-friendly women entrepreneurship in rural areas with potential of societal development that. Study looks into various skills and qualities of women living in rural areas like possessing with artisan and multi-tasking skills but struggling to become economically self-reliant and how these rural women entrepreneurs are leaving indelible marks for societal development in agrarian sectors and so forth.

Sixth paper on 'Emerging Products and Demographic Transition: A Case of Pet Foods' deals with demographics and popularity of branded pet food products in pet food market which is small but growing steadily. It looks into aspect how change in demographics and higher income is leading to purchase of branded pet foods through supermarkets. Next paper titled 'Ayushman Bharat: Challenges and Way Forward' looks in to world largest government funded health protection scheme and discusses the challenges that still needs to be tackled to make this scheme absolutely successful.

Last research paper on 'Strategies of B-Schools in Attracting Prospective Aspirants- A Study of B-schools in Tier II Cities' discusses the promotion strategies followed by B-schools located in tier II cities of Karnataka State and looks in to factors that impact decision making process in choosing a B-school by students.

Case study on "Indian' Motor Cycle in India' deals with market entry strategy, timings, positioning and market-mix of Polaris India as a new entrant in Superbike market in India. Polaris is global leader in off-road vehicles but it needs to ensure appropriate strategy so as to market Polaris's Indian brand motorcycle in India with equal impact. Finally, the issue also contains a book review of "Free Trade and Prosperity - How Openness Helps Developing Countries Grow Richer and Combat Poverty".

We want to reiterate here that it is purely trust of authors who have contributed to IJMR and of subscribers who subscribe the journal regularly that motivates us to regularly bring out this journal raising its standards and benchmarks in each issue. We are committed to keep our journal as our initiative to promote research culture worldwide. Inclusion of papers in the journal are solely made based upon their qualifying stringent double blind review process and also test for plagiarism without any publication fee at any stage. Our journal subscription price has also been kept highly subsidized unlike many other journals which charge exorbitant annual subscription fee.

We are fully sure that you will find contents of this issue relevant and contextual to present times. Please ask your university/college/institution IQAC Cell to recommend the journal for inclusion in UGC-CARE list by sending its name to UGC-CARE nodal agency of your region with faculty recommendation through IQAC Cell.

We assure to always strive hard for meeting your expectation levels from the journal.

**Jitender Sharma**  
**Shalini Srivastava**

# *Introduction to Fintech 3.0 and its Penetration in the Indian Banking System - An Observational Study*

**Key words:** *Fintech, Indian Banking System, Technology Adoption, Efficiency, Emerging Markets*

**Rajiv Kumar Goel<sup>\*</sup> and Akanksha Garg<sup>\*\*</sup>**

## **ABSTRACT**

The word 'Fintech' is the abbreviation of financial technology which means technology-enabled solutions to the problems in financial services sector. Technology has been an incumbent service-enabler into the financial service sector. The advent of Fintech, after US-subprime crisis (2008), is witnessed as the new-age era of open-digital banking wherein all solutions – from retail to corporate banking are just a click away. Fintech is being used globally and has also marked its presence in India. Through this research paper, first we will try to find out the various Fintech solutions available globally and what are being used in Indian banking system. Second, this study tries to find out to what extent Fintech is being used as the core service-enabler by top five private and top five public sector banks in India.

Finally, we find out how Fintech-enabled banking solutions have helped in bringing customer-centric solutions and in improving operational efficiency of these banks. The paper suggests further research work in the area of regulatory framework required for a more robust Fintech based banking solutions.

## **INTRODUCTION**

According to the financial Stability Board (FSB) "Fintech is technologically enabled financial innovation that could result in new business models, applications, processes, or products with an associated material effect on financial markets and institutions and the provision of financial services". (Working Group, 2017). Fintech is the solution in form of technology to financial services which encompasses banking, insurance, mutual funds,

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capital markets, real estate, financial institutions etc. The term Fintech was coined in “Financial Service Technology Consortium” – a project initiated by Citi Group. (ARNER, BARBERIS, & ROSSBUCKLEY, 2015). The rise of Fintech is due to the problems encountered in the financial service sector that are complex and unresolved. It's being in high demand all over the world because it brings simplicity, quick response solutions, better user experience, convenience and transparency. There has been drastic increase in the funding of Fintech based startup as these companies are able to provide financial solutions with new generation technology support. The global Fintech sector had witnessed USD 57.9 billion investment in the year 2017. (KPMG; NASSCOM, 2018). Fintech linkages to financial services are not recent but dates back to era of 20th century. According to (Economic Times, 2018), Fintech –based firms bagged USD39.6 billion in 2018 globally, there has been an upsurge in jobs by tech based firms that are even paying 30-40% hike from the market, the Ministry of Electronics and IT plans to set up a Center for Excellence for Fintech in Chennai costing an outlay of Rs.23 crore. India has a wider scope of adapting to Fintech than global economy because of its demographic structure and high youth population that are more inclined towards technology. India have many open unresolved issues that are seeking quick solutions like – almost 40 % of the population are not connected to banks and nearly 87% of the population make payments in cash. Moreover, 90% of the small businesses have no formal access to financial institution. (Melissa Cyrill, 2018) These gaps are the key drivers for the rapid development of Fintech solutions and its adaptation.

The evolution of Fintech dates back the time of First World War as that was the time telegraph was invented and the first transatlantic cable was laid which was the beginning of global communication. In today's digital world Fintech has its relevance due to internet which is a global network for communication. The Fintech evolution came in three phases in the financial service industry:

### **Fintech 1.0 (1866-1967)**

This phase was marked as the analogue Industry. This was the first era of financial globalization with the advent of canals, telegraph, railroads and steamships financially connected across the borders. J.M Keynes in his writings in 1920 mentioned about the inter-linkage between finance and technology in the first age of financial globalization. Post-World War II, calculators, code-breaking computers, credit cards, Master cards, fax machine, ATM and a global network of telnet was in place to facilitate financial services remedies during this period.

### **Fintech 2.0 (1968- 2008)**

This phase moved from analogue to digitization. The 1987 stock market crash marked the emergence of Fintech 2.0. Clearing houses were formed and Fed wire came to existence in a digital form of money transfer instead of telegraphic. Society of Worldwide Interbank Financial Telecommunication (SWIFT) was established for interconnecting the domestic payment system across borders in 1973. On the capital market front, NASDAQ came into existence in 1971. Technology was not limited to organization and digitization. Financial service methodology changed with the advent of internet which brought many technologies based solutions that includes- internet banking, mobile banking, interbank payment messaging system, chips, smart mobile phones etc.

Internet banking was introduced in India in late 1990 (Jhumkee Iyengar; Manisha belvalkar) and ICICI Bank was the first to connect customers through internet banking in 1998. (ICICI Bank, 2018). The regulations on internet banking in India were formulated in 2001. (RBI, Notification, 2001) This clearly shows the time lag a regulatory framework takes to come into existence. It took almost 10 years to regulate internet banking in India. However, a time lag is expected between the usage and regulation of that technology. It helps in identifying the benefits and limitation of the new technology and gives a constructive outlook to regulate it for universal usage. During this phase only the financial institutions like banks, NBFCs, NABARD or any other licensed institution could extend financial services to public. This is the key turning point of Fintech 3.0. After the financial crisis of 2008, the volumes of loans extended to low credit worthy borrowers by the licensed financial institutions, public developed distrust in the traditional banking system and peer-to-peer lending came into existence.

### **Fintech 3.0 (post 2008)**

This phase is the era of Automation, Specialization and Decentralization. Fintech 3.0 marks the beginning of dissemination of financial services which are not solely under the jurisdiction of Financial Institutions. This means that customers want more transparency in the transactions than relying solely on the proof of trust for financial transactions. The financial crisis of 2008 marked two major impacts - firstly nearly 8.7 million American lost their jobs and many financial professionals were either jobless or were under paid. (ARNER, BARBERIS, & ROSSBUCKLEY, 2015) Although, strict regulatory and compliance obligations were brought into financial services sector in order to prevent the misuse of public funds. Innovation in financial service solution is not restricted to peer-to-peer lending but includes:

**Block chain Technology:** A form distributed ledger technology that ensures all the participating members of

the transaction has a copy of it than keeping only single centralized copy with the bank.

**Application Program Interface (API):** It's an Interface that brings together to applications. API acts like a messenger that requests the data from one application and delivers it to another.

**Cryptography:** It's a form of encoding the original data or message into a string that can only be authorized and deciphered using its valid key(s).

**Machine Learning (ML):** It's the type of algorithm that allows other software application to become more accurate in outcomes without being explicitly programmed. (Margaret Rouse)

**Digital Wallets:** The user can digitally make payments to any other user of it like we have Paytm Banks.

### GLOBAL DEVELOPMENT & APPLICATION OF FINTECH 3.0

Fintech 3.0 is more a service enabler than a disrupter. It's only going to empower bank to bring easy and simple solutions to complex problems. Globally the number of Fintech start-up which got funded has risen from 172 in 2008 to 724 in 2014 and 347 in 2017 while, investment in Fintech has risen from USD1.1 billion (H1) in 2008 to USD34.4 billion (H1) in 2017. (Deloitte working team, 2018) According to the World Bank, by 2017 almost 87 % of the broadband connections in emerging markets will be mobile phones. India and China are seen as the leading Fintech market due to their huge online presence and rapidly developing IT industry. According to a research from McKinsey - Fintech will not be restricted to its core areas – payments, lending and money transfer but will also include services like digital lending cash management, robo-advisory, social integration and trade etc. There has been an announcement in early January by the Japanese Insurance company Fukoku Mutual Life Insurance to replace their 34 members with IBM's cognitive computing software Watson. (Financier Worldwide Magazine, 2017). The developments in banking sector has been immense and its applicability is seen in other sectors as well like - insurance, real estate, government agencies e-commerce companies etc.

The adoption of Fintech in India is majorly in the age group of 25-34 years old followed by 35-44 years old. Adoption of Fintech is lower in 18-24 years old age group this may be due to the fact that a large section of Indian population falls in young adult category and this section is highly unemployed. India's Fintech adoption rate is 52% while globally it's being adopted at 33%. (E&Y Working Group, 2017). The key factors that are driving adaptation of Fintech in India at a pace faster than the world are:

#### Highest Young Population

India has the second highest world population and stands highest in number of young population. This makes India more adaptive and reliant to new innovations.

#### Highest Mobile Users

According to (IBEF, december 2018) there are currently over 445.96 million users of internet in 2017 in India which is expected to cross 800 million users by 2021. Out of these internet users mostly are mobile user.

#### Huge Investment by Venture Capital/Private Equity

There is huge flow of funds from VCs and PEs firms into Fintech companies in India. According to (E&Y Working Group, 2017) report in 2016 Fintech companies raised USD 388 million across 50 deals. Japanese IB Nomura infused USD100 million funds for Fintech in capital market and Investment Banking (CMIB) space. (E&Y Working Group, 2017)

#### Unmet Financial Needs

The financial needs of the customer's in India are unmet as there are larger gaps to access formal financial service. There are a few branches in rural areas while in urban areas banks are unable to meet the desired expectations of the customers.

#### Cheaper and Convenient than Traditional Financial Services

Fintech is more convenient as customers can make payments through a click via their mobile phones. Fintech made payments easy, quick, secured, and safe and hassle free. It's also cheaper than traditional banking services as technology makes it more efficient.

**Table 1 - Fintech Adoption Index 2017**

Fintech Market in India	Money Transfer & Payment	Financial Planning	Savings & Instruments	Borrowing Insurance
India	72%	20%	39%	20%47%
Globally	50%	10%	20%	10%24%

Source: (E&Y Working Group, 2017)

## FINTECH LANDSCAPE IN INDIA

Fintech in India is at a very nascent stage and has been revolutionizing the consumer behaviors since last five years. With payment solutions like Unified Payments Interface and Bharat QR consumers have shifted from cash based transactions to digital alternatives. As per Data from the National Payments Corporation of India, the UPI platform has seen 620.17 million transactions in December 2018 with more than INR 1 lakh crore transacted and has been consistently showing 20% growth.

At present, Indian banks have wide range of retail banking apps and services. However, their penetration in SMEs segment is small. Many Fintech start-ups are fast targeting this segment with their smart solutions for the Indian businesses which are adapting to the digital world. In 2018, The National Association of Software and Services Companies (NASSCOM) reported that around 400 Fintech firms have been operating in India. These Fintech focused startup accelerators and incubators are supported by large foreign investments.

**Table 2 - Various Financial Services in Fintech Space**

S.no	Type of Service	Description	Examples
1.	Peer-to-Peer (P2P) Lending	P2P lending allows online services to directly match lenders with borrowers who may be individuals or businesses by using various credit models and data sources	Lendbox, Faircent, i2iFunding, Shiksha Financial, GyanDhan, and MarketFinance.
2.	Payment	This allows payments over the web and on mobile without needing merchant accounts. Transfers are made directly to the bank account linked to the payee in order to secure against fraud.	Mobikwik, Paytm, and Oxigen Wallet.
3.	Remittance	There are wide gaps in remittance services provided in India (both inbound and outbound)	Instarem, FX, and Remitly.
4.	Personal Finance or Retail Investment	Provides customized solutions to individuals, firms as how to save, manage, and invest one's personal	FundsIndia.com, Scripbox, PolicyBazaar and BankBazaar
5.	Fund Raising	Provides for crowd-funding platforms for project or business venture by raising funds from a large number of investors. Examples include:	Ketto, Wishberry, and Start51.

*Source: Compilation by authors and data sourced from: (Melissa Cyrill, 2018)*

The high potential in Fintech space is attributed to rapidly growing internet user base in India (internet penetration expected to increase to 85-90 percent in 2020 from 65-75 percent currently) which has been due to recent disruptions in telecommunication sector.

### Problems Faced in Indian Banking Sector

Banking Sector in India is still developing and has not even able to tap the whole market. There are only 13.6 commercial bank branches and merely 19.7 ATM per 100,000 adults in India, whereas in USA there are 32.9 commercial banks and in France there are 107 ATMs per 100,000 adults. (E&Y Working Group, 2017) Over 40% of the population is not connected to banks and more than 90 % of SMEs are unable to get linked to formal financial institutes. (E&Y Working Group, 2017) Thus, the facts shows that Indian banking sector has many loose ends that are yet be met and which are not possible solely through traditional banking services.

Therefore, we identify the following problems faced in Indian banking sector that demands for growing adaption of Fintech 3.0 in India:

**Money Transmission.** Banks are unable to provide easy money transfer solutions to the customers. Although, there is UPI (Unified Payment Interface) for payments worldwide but it's not known and accessible to population like we have from an Indian start-up Paytm banks. Banks have not taken extensive marketing and promotion activities to connect more customers to their wallets and money transmission platform.

**Not Sufficient Branches and ATM:** India is the second largest population in the world and majority of which lives in rural areas. But Banks are unable to tap this market

**Rural Branches are in Losses:** These losses are attributed to high overhead expenses and low customer awareness in rural and backward areas.



**Huge Extended Over Dues:** Banks in most of the sub urban and rural areas are faced with large over dues for advances extended to farmers, individuals, students. The commercial banks do not have any metrics to ensure that their loans and advances are being extended for productive use only.

**NPA:** Indian banks have been faced with issue of non-performing assets which is mainly because of relaxed lending norms to corporate houses. As on March 2018, NPA as % of gross advances in scheduled commercial banks was 11.18%. Out of this INR 4 Lac Crore were in public sector banks i.e. ~90% of total NPAs in country.

**Loans and Advances to Priority Sector:** Directing banks to lend 40% to Priority sector lending as a mandate by Reserve Bank of India has also attributed to poor recovery of loan rates and NPAs in the country. Also the nationalized banks have not accepted diversion of funds to neglected sector or higher priority sector. Instead their focus is more on extending loans and earning Non Interest Income from corporate honchos and higher credit worthy individuals.

**Competition from Non-Banking Financial Institution:** FIs like mutual funds houses, housing finance corporations, leasing and investment companies give tough competition to scheduled commercial banks in attracting public deposits and offer higher rates of interest.

**Competition with Foreign Banks:** Indian Scheduled commercial banks have also been facing competition from foreign banks which are providing better customer services and therefore higher deposits.

## LITERATURE REVIEW

There has been extensive study on the opportunities and platform emerging due to Fintech usage globally that is only helping in better customer service and quick and easy resolution to complex financial problems. There is one such study by MIT Sloan School of Management titled Fintech Platform and Strategy (Dhar & Stein, 2017) which introduces the complex unregulated platforms currently being globally adopted that are providing ease of participation and networking cross borders; creating a virtuous cycle. Mr. Dhar in this paper identifies that penetration is slow but is still emerging and the feasible strategies available to the industry.

**The Evolution of Fintech:** a new post-crisis paradigm? It talks about the global evolution of Fintech and how the era is shifting from digitization to automation and specialization. (Arner, Barberis, & Rossbuckley, 2015) In their paper argue that the evolution of Fintech 3.0 is at very nascent stage and formulating rigid regulations are too early to decide after

studying the past 150 years of Fintech and regulatory developments.

In their another paper they talk about new regulatory model for Fintech developments. (Arner, Barberis, & Buckley, 2016) This paper Fintech, regtech and the reconceptualization of financial regulation pointed out that there is a need of new regulatory framework that brings synergy effect between data, digital and regulation. In their paper they explain the practical understanding of regtech and proposed the sequenced reforms needed that could benefit all in the financial service sector.

A research paper on The Future of Banking: The Role of Information Technology (Jakši & Marin, 2015) analyses how information technology is transforming banking sector it talks about how banks are coming up with Fintech-driven products and services that has led to drastic change the processing and customer service of banks; plus banks tie-ups with Fintech startups are shifting them from traditional banking business to high-tech solution based banking service.

In another NBER working paper on The Fintech Opportunity by famous Thomas Philippon (Philippon, 2016), author analyses the potential impact of Fintech on financial industry and its financial stability. Through this paper Philippon argues that technology is expensive thus it introduces start-ups, and the present regulatory approach towards Fintech is subject to much political economy and coordination costs thus, there would be much structural change in near future.

A deep exploration of the available literature helped us to select the given topic for our research. This paper attempts to find out that how banks are harnessing the benefits of this emergent evolution in the amiss of regulatory framework and how fast they are improving their financial services to compete in the international markets.

## OBJECTIVES AND METHODOLOGY

The objective of the study is to identify that to what extent Fintech 3.0 has penetrated Indian banking system and what is the impact of Fintech 3.0 on the efficiency of the banks.

This is an observation based research paper that deals in identifying the extent of Fintech 3.0 penetration in Indian Banking System. Data is collected from the secondary sources such as national and international journals, reports, newspapers, and various websites.

The data is also collected from the annual reports (2017-18) of private and public sector banks in India. Some of the customer-centric information was collected by the authors from banks' official websites as well.

## OBSERVATIONS

Based on various services offered by banks in India (both

public & private sector banks), the Fintech deployed as core service enabler has been summarized in tables below.

**Table 3 - Fintech as Core Service Enabler for Private Sector Banks**

Fintech 3.0	Services	HDFC	ICICI	AXIS	Kotak	Yes
Artificial Intelligence (Chatbots)	Auto- mation	EVA, OnChat	Zeno, ipal	Axis- Aha	Keya, Chat to trade	Yes Robot
Robotics Process Automation		IRA, 30-40 Robotic Process	750 Robotic Software	Self-service Kiosk, Adhaar based Customer Services	Launched Robotic Process Automation, Self Service Branches	Automate process in Compensation, Payroll Admin and HCM, Yes Transact Smart Trade
BigData Algorithm		Enterprise Alert Engine, DCC, Zumigo	Paytm-ICICI Bank Postpaid, T360 app, e-softex	E-Softex,	Identification of potential dormant customers, Portfolio analysis report	
Application Programming Interface	Remittances	Open banking	Pay2corp, Connect Banking	Invoicemart, FASTag	Api.kotak.com	Payments and Receivables API
BlockChain		Coming soon	Blockchain App	For Remittances	Cross Border Remittances	Settlement and Reconciliation, Vendor Financing Solution
Digital Banking		SmartBuy, Digital Loans against securities and MF	Retail, Corporate, Trade and Forex online Banking	Retail, Corporate, Trade Online Banking and Mutual Fund Screener, Remit Money, Power Access	Retail, Corporate, Trade and Forex Online Banking	Retail, Corporate, Trade and Forex Online Banking
Mobile Banking		Smart Hub, SmartHub Merchant	UPI Enabled iMobile, I-Biz, Money Coach, iDealz	TF Connect, FX Connect, Axis Merchant	811, Kotak Bank Mobile Banking	Yes Mobile
P2P Payments	Payments	Chillr			BHIM KotakPay	UPI Based Mobile Chat platform
Payment Wallets/ Solutions		PayZapp, Bharat QR Payment	Pockets, Money2India, Proximity Payments	AxisPay, PayGo, Freecharge	VisaPayWave, Samsung Pay, Bharat QR, AEPS, Fastag	Samsung Pay, Yes Pay, Yes Payments Slim SIM
Payment Gateways			Easypay	IPG	ALLPAY	PGI

<b>Fintech 3.0</b>	<b>Services</b>	<b>HDFC</b>	<b>ICICI</b>	<b>AXIS</b>	<b>Kotak</b>	<b>Yes</b>
Instant Banking	Seamless Processing	Insta Alerts, Hyper-personalisation, InstaCard	Kiosk, Insta loan, Insta Card, Insta OD	ASAP Loans, Axis ASAP	Kotak-super Fast Home loan, Insta Personal Loan and CC	Insta Account
Cloud Computing	Security and privacy	Internal Processing	Smartform e-BG, e-LC, e-KYC, Online Cheque Writing	Paypro	Adhaar, KYC based Account Opening	HRIS
Biometric	Security and Privacy	Mobile app log in	Voice Recognition Service, Mobile Banking Fingerprint Login	20,000 Biometric Readers	Enabled Branches, Account Opening, Mobile Banking	Paynear by Adhaar ATM
Smart Card	Bouquet Services	Coming soon		Open-loop Smart Card		Nashik City Prepaid Card
Watch Banking	Convenience	Watch Banking	iWear			

Data compiled by Authors sourced from respective banks' 2017-18 annual report; (Axis Bank, 2018) (HDFC Bank, 2018) (ICICI Bank, 2018) (Kotak Bank, 2018) (Yes Bank, 2018) a DCC: Digital Command Center b OD: Over-draft;

**Table 4 - Fintech as Core Service Enabler for Public Sector Banks**

<b>Fintech 3.0</b>	<b>SBI</b>	<b>PNB</b>	<b>BOB</b>	<b>CBI</b>	<b>IDBI</b>
AI	SIA	None	None	None	None
RPA	None	None	None	None	None
Big Data	None	PNB Navodaya	None	None	None
Blockchain	None	Pilot Project with IDBRT	None	None	None
API	None	None	None	None	None
Payments Paywhiz	BHIM, UPI, QR Codes	BHIM, UPI	None	None	BHIM
Digital Banking	YONO	Internet Banking	Internet Banking	None	Internet Baking
Mobile Banking	YONO, DIA-SME	PNB MobiEase, PNB Rewards, PNB Fin Literacy, PNB Yuva, PNB ATM Assist, PNB M-Banking, PNB kitty etc	None	None	Go Mobile+, IDBIappKart
Insta banking	sbiINTOUCH	PNBDGIHUT	None	None	None
Cloud Computing	e-LC, e-BG	None	None	None	None
Biometric	None	None	None	None	None
Smart Card	Fastags	None	None	None	None

Data compiled by Authors sourced from respective banks' 2017-18 annual report; (Bank of Baroda, 2018) (Central Bank of India, 2018) (IDBI, 2018) (PNB Bank, 2018) (SBI Bank, 2018)



The following details the Fintech 3.0 adaptability and initiatives in private and public banks of India.

### **ICICI Bank**

AI-Powered Chatbots called “ipal” handles more than 1.3 million queries monthly addressing to nearly 90% resolutions. Also, ‘Zeno’ and AI- based Chatbot which instantly answers text-based queries of employees. (ICICI Bank, 2018)

Block Chain and Easy Pay application for trade and remittances that connected more than 250 clients in the first year of its launch. (ICICI Bank, 2018). Easy pay is a one stop payment solution that connects 160,000 merchant stores and provides all sorts of payments. (ICICI Bank, 2018)

E-Expressway and Pay2corp is a composite solution to customized maritime business. E-xpressway is the interface provided by maritime gateway and pay2corp is the customized B2B payment solution provided by ICICI bank. (ICICI Bank, 2018)

Connected Banking is the digital solution for all businesses. It enables businesses to make payments, receive invoice collections and facilitates seamless reconciliation directly from their management platforms (ERP) without toggling between various platforms. (ICICI Bank, 2018)

Smart Form and Robots Smart Forms is India’s first digital current account opening process that has significantly reduced the turnaround time. ICICI bank within the nine months of its launch opened 74% of current account and 95% of individual proprietorship accounts. (ICICI Bank, 2018). ICICI was the first bank to launch e- Bank Guarantees and e-Letter of Credit and e-KYC. (ICICI Bank, 2018). ICICI Bank adopted 750 Robotic software to power its operations that handle 2 million transactions daily. (ICICI Bank, 2018)

MeraiMobile and T360 App MeraiMobile is the mobile application for customers in rural India that features railway ticket booking, agricultural related news and crop advisory. (ICICI Bank, 2018). “T360app is a platform for recording event- based display of behaviors in a professional context in line with Bank’s DNA anchors”. It helps banks in gathering rich data on its people for talent management. (ICICI Bank, 2018)

### **Axis Bank**

Application Program Interface(API) and Artificial Intelligence(AI). It’s friendly Payment solution AXIS UPI available at Google, Uber, Samsung pay, IRCTC, LIC and Big Bazaar. (Axis Bank, 2018). Axis launched AI-powered Axis Aha! Chatbot which answers customers queries on its own without the need of human interference. (Axis Bank, 2018)

Biometric and Smart card. About 20,000 Biometric readers to leverage e-KYC for account opening. (Axis Bank, 2018). They launched Open-Loop smart Card for Bengaluru and Kochi commuters to travel cashless on public transport. (Axis Bank, 2018)

### **HDFC Bank**

Modern responsive site technology, content management and website analytics have been implemented to facilitate the launch of a new customer centric web portal. Improved customer experience has been evident, in the 30% increased customer traffic on the website. (HDFC Bank, 2018). These platforms facilitate the Bank’s ability to use analytics to provide personalized customer experience with improved service and customized offers. (HDFC Bank, 2018)

Payments. Money View is the expense tracker on mobile. (HDFC Bank, 2018). “Chillr” is the instant money transfer, recharge and merchant payment application. It enables Peer to Peer and Peer to merchant cashless transactions. It also facilitates proximity payments i.e. sending money without sharing mobile number. (HDFC Bank, 2018). “Payzap” is the HDFC bank’s all payments one click one app that allows customers to link their cards and pay it instantly for online shopping, movie tickets, flight booking etc. (HDFC Bank, 2018)

Convenience. Only Bank in India to launch Watch banking in collaboration with Apple. It allows account view information, request cheque book and account statement, locate bank ATMs and branches, hotlist lost debit cards, call bank. (HDFC Bank, 2018). Physical service requests have passed now top requests and are omni-channel, paperless and instant with savings of backend operations hours. (HDFC Bank, 2018)

Robotics and AI. “Zumigo” is a real-time fraud detection algorithm that alerts via SMS to nearest ATM and Branch located. It also helps in operator identification for missed call recharge. (HDFC Bank, 2018). IRA is a humanoid robot at the welcome Desk in one of the branch. It’s developed in partnership with Asimov Robotics- a startup in Kochi. (HDFC Bank, 2018). Niki.ai is the chatbot on Facebook. (HDFC Bank, 2018). IOT-based solution for customer engagement via Interaction One. (HDFC Bank, 2018). Hyper-personalization is a facility to personalize their most frequent transaction on an ATM. (HDFC Bank, 2018). Social Media OnChat service that allows mobile recharge, pay bills, book travel tickets, etc. through Facebook messenger. (HDFC Bank, 2018).

Mobile and Biometric Banking. Total mobile banking customers bank on mobile app is 72%. (HDFC Bank, 2018). Biometric based account opening launched last year: ended FY 2018 with approx. 6 lakh+ new to bank accounts and approx. 16.5 lakh Full KYC. (HDFC Bank, 2018). Digital Branches in Mumbai (Andheri –

Lokhandwala), Gurgaon (Badshapur), Jaipur and Hyderabad (Kavuri Hills) have gone one-step forward in creating the paperless digital ambience for its customers to self-service in its 24X7 lobby, enjoy assisted service (HDFC Bank, 2018). Individual current account sourcing has been introduced through biometric mode. (HDFC Bank, 2018)

### **Kotak Mahindra Bank**

Blockchain and AI. Bank has collaborated with Ripple's leading enterprise blockchain network (Ripplenet) to provide inward cross-border remittances to its customers. (Kotak Bank, 2018). AI-enriched chatbots like- Keya to provide seamless transaction handling on all platforms. (Kotak Bank, 2018). Chat on trade is a messaging enabled business platform which accepts trades via WhatsApp and telegram messages applications. (Kotak Bank, 2018). "It also facilitates leverages predictive modelling and analytics for early identification of potential dormant customers and timely intervention to increase retention." (Kotak Bank, 2018). Interact with Keya on google assistant to know more about Kotak bank's products and services. (Kotak Bank, 2018)

Convenience. Insta personal Loan, Kotak super-fast Home Loan for fast track loan processing in TAT just 4 hrs. (Kotak Bank, 2018). Biometric and facial account opening and mobile banking facility. (Kotak Bank, 2018). They also launched Bharat QR for scan based cardless payments. And now, customer can use Biometric for amount less than 2K. (Kotak Bank, 2018). 811 account customer can opt to get free credit score during account opening journey and basis the score and credit check, get a credit card instantly. (Kotak Bank, 2018). User can switch on, switch off their credit or debit cards to have enhanced security and control. (Kotak Bank, 2018). Over 4 lakh contactless debit cards have already been issued in FY17. (Kotak Bank, 2018)

Open and Mobile Banking. Kotak's open banking platform will enable an open access window to enterprises, Fintech and app developers to design customer specific needs in consultation with bank. It also enables lending and payment platform. (Kotak Bank, 2018). The Fast and easy login using Biometric Authentication on applicable devices (Fingerprint authentication in Android, Touch ID in iPhone, Face ID in iPhone X). (Kotak Bank, 2018). mStore option to book train ticket (Kotak Bank, 2018). Under Project Velocity, customer can now real-time update Mobile number, Email ID, PAN, Aadhaar from the app itself. (Kotak Bank, 2018)

Payments. The total spends through payment gateway for online shopping were a very healthy at Rs10,376.4 crore, a jump of 78.0% over FY17. (Kotak Bank, 2018). Transactions through Bill pay and Visa Money Transfer

increased by 23.4% for a value throughput of Rs. 1,463.1 crore. (Kotak Bank, 2018)

### **Yes Bank**

Blockchain and Robotics. It implemented a multi-model blockchain transaction to fully digitize supply chain finance in collaboration with Cateina Technologies. Vendor financing TAT reduced from 4days to almost real-time. (Yes Bank, 2018). Yes Transact Smart Trade product suite provides robotics based Digital Exports and Import payment. (Yes Bank, 2018). Yes Bank introduced Blockchain for vendor financing due to which there has been a substantial reduction in the to and fro of invoices, paperwork, and the subsequent paper trail which was a time consuming process involving rigorous due diligence and needed innovative intervention. Since the technology's implementation, transaction time for a client like Bajaj Electricals have been reduced from almost 4 days to near real-time. (Yes Bank, 2018). Yes Robot has helped the bank enhance its customer service by reducing the time-of-first-response to just a few seconds, enabling 10% increase in contact center bandwidth and responded to 5 lac customer queries since launch. (Yes Bank, 2018)

Payments. Yes Payment Slim SIM based mobile payments is SIM tool kit app which can be accessed by any customer on any mobile phone without the need of internet connectivity. It enables p2p payments. (Yes Bank, 2018). Increase of 197% in volume and 166% in value of Yes money domestic remittance programme. (Yes Bank, 2018). UPI registrations crossed 3 cr, merchant partner base of 80,000, 72% market share in UPI merchant payment. (Yes Bank, 2018)

Mobile and Net Banking. The number of mobile banking transactions rose from approximately 23.91 lakh in FY 2016-17 to over 68.37 lakh transactions in FY 2017- 18, a significant jump of over 186%; with over 4.72 lakh active mobile banking users in span of three months. (Yes Bank, 2018). Transactions on the Bank's retail net banking channel rose to almost 1.80 crore from 1.25 crore in the previous year, over 44% growth. Also, the number of active net banking users in FY18 almost doubled to 8.44 lakh. (Yes Bank, 2018). Since its launch in November 2017, over 51 lakh transactions have been recorded through AEPS. (Yes Bank, 2018)

Social Media and Digitization. Yes Bank allows customers to book fixed deposits, recurring deposits through its banking assistant named Yes Robot. Out of total deposits booked, almost 24% are booked using Facebook messenger and the rest 76% using the website widget. (Yes Bank, 2018) During January- March 2017 Yes Bank cut off 2500 jobs citing digitization which was 10% of workforce. Banks branches target reduced to 1250 by 2020 due to automation of backend, data backed

mid office and digitization of front end. (Yes Bank, 2018). In FY18, Mobile app registration increased 2.4x with increase in transaction value and volume by 2x and 3.2x. (Yes Bank, 2018). 1 in 3 NRI customers sourced digitally. (Yes Bank, 2018). India's first AI enabled banking bot with 33 lakh transactions processed since launch till Aug 2018. (Yes Bank, 2018)

### **State Bank of India**

Digitization. In 2018 SBI launched an integrated omni-channel digital platform –YONO which facilitates banking as well as customer's other financial and lifestyle needs through encompassing B2C marketplace. Bank has partnered with more than 70 e-commerce players providing customized offers and discounts to its customers. (SBI Bank, 2018). The aggregate deposits growth (YOY) continued to decline of 6.2%. (SBI Bank, 2018). YONO is providing bouquet services to the retail customers. (SBI Bank, 2018). SBI is using CHAT SIA on its YONO channel. (SBI Bank, 2018)

Fintech 3.0. AI, machine learning, big data and blockchain have not yet been adopted by SBI but the bank has started taking initiatives in the skill development of their employees to increase the usage of these technological developments. (SBI Bank, 2018). SBI has started using private cloud for document management solutions. It's still working on Big data analytics usability to commence extending its benefits for better customer experience and retention. (SBI Bank, 2018)

Payments. SBI PAY(BHIM) is the unified payment interface based application that enables remittance via multiple modes like virtual payment address, QR code etc. 184lakh users are registered on SBI UPI System that amounts to Rs.68, 000crores transaction value. (SBI Bank, 2018). SBI buddy is the mobile wallet having a user base of 129lakh as on March 2018 that facilitated Rs. 1,505.79crores worth of transactions. (SBI Bank, 2018)

Mobile and Standardized Service. SBIINTOUCH are self-service branches which aims to facilitate account opening and printing of personalized debit card in 15 minutes and financial counselling services via audio video conferencing at selected SBIINTOUCH branches. (SBI Bank, 2018). Digital Inspection Application (DIA-SME) is the Tab and mobile based application for recording inspection of SME units as a process of digitization of pre and post-sanction processes of SME units. (SBI Bank, 2018). SBI issued more than 2.7lakh Fastags to customers with 68 lakh transaction amounting over Rs.140 crores in 2018. (SBI Bank, 2018). SBI providing e-BG and e-tendering in UP collaborating with the UP government and also SBI is the principal provider of e-MRO (military regulatory order). (SBI Bank, 2018). SBI is also facilitating e-LC and nearly 90% of LCs are being routed through SBI portal. (SBI Bank, 2018)

### **Punjab National Bank (PNB)**

Mobile and Digitization. UPI services has been embedded in bank's "m-banking" app for mobile banking users. (PNB Bank, 2018). Bank plans to soon be in presence on Social networking sites like face book twitter and you tube as well. (PNB Bank, 2018). Bank has opened its first fully digitalized branch 'PNBDGIHUT'. (PNB Bank, 2018). Bank has launched many apps for different services like PNB MobiEase, PNB Rewards, PNB Fin Literacy, PNB Yuva, PNB ATM Assist, PNB M-Banking, PNB kitty etc. (PNB Bank, 2018). PNB's Mobile banking users 121.61lakh and Internet banking users are 130.07 lakh. (PNB Bank, 2018). Integrated Fee Portal to customers through the banks internet banking gateway. (PNB Bank, 2018)

Fintech 3.0. PNB is the participating bank in the IDRBT initiative for pilot project on blockchain. (PNB Bank, 2018). A 360 degree Competency Assessment Framework PNB Navodaya is based on Big data and analytics to identify the behavioral competencies for optimum utilization of human capital. (PNB Bank, 2018)

### **Bank of Baroda**

No Adoption of Fintech3.0. No development of work in progress initiative taken up by CBI so far on Fintech3.0. (Bank of Baroda , 2018). Acquired customer base of 78 million (Bank of Baroda , 2018). Launched a Fintech vertical - under work in progress. (Bank of Baroda , 2018)

### **IDBI**

Mobile Banking and Digitization. Mobile app revamped as 'GO mobile +'. (IDBI, 2018). Digital transactions increased from 39% to 64% by2018. (IDBI, 2018). BHIM payWhiz as UPI platform launched in June 2017. (IDBI, 2018). IDBI launched IDBIAPP Kart is an umbrella application that contains all mobile based solutions on android platform. (IDBI, 2018)

### **CBI**

No initiatives taken on API, Big Data, Blockchain and RPA by CBI bank. (Central Bank of India, 2018)

### **IMPACT OF FINTECH ON OPERATIONAL EFFICIENCY**

Fintech services are driving new efficiencies, enabling firms to streamline their operations, redefine their processes and transforming the customer experience through innovation. Banking system will leverage the Fintech to stimulate structural changes for a transformational functional makeover. The current banking system has many operational inefficiencies which are resolved by:

#### **Data Automation**

Banking operations generate large amount of data on



daily basis depending upon number of transactions and subsequently process this data to facilitate transaction. Fintech products provide platforms where large amount of data can be centrally stored and ease processing and;

### Intuitive System

Banks do not need to replace current architecture and instead directly link their existing system with Fintech products. This increases the degree of efficiency in

overall banking operations. In corporate banking, Fintech can address issues related to new market entry, security and regulatory compliance amongst others. In MSME banking, it will reduce 'funding gap' of around USD 500 billion, which exists for all formal and informal MSMEs. In retail banking, Fintech can work wonders in grappling with issues related to reducing time, costs and space for the customer.

**Table 5 - Use Case of Kotak Mahindra Bank**

Particulars	Description
Sales & operations team productivity	Enhanced by 1.7 times for SA
Reduced TAT and cost efficiency	Improved TAT of account opening from 7 days to 2 hours
Improved customer's banking experience	67% of Individual Savings accounts sourcing moved to the Biometric mode 1.14 lakh service requests have been handled by API driven implementation. Robotics Process Automation has (RPA) automated 11.5k hours of efforts with a 90% and reduction of TAT creating efficiency

*Data compiled by authors, sourced from (Kotak Bank, 2018)*

## FINDINGS

### Fintech Adoption in Indian Banking Sector

Through the above observations in the banking system and into the financial service sector in India we have

deduced the penetration of Fintech 3.0 into financial service sector. On vertical side of the table we have taken the various Fintech 3.0 solutions and on the horizontal side we have taken financial services.

**Table 6 - Fintech - Services Color Matrix**

Fintech 3.0	Payment	Remittance	Loan
API			
Cryptography			
Distributed Ledger			
Artificial Intelligence			
Cloud Computing			
Peer to Peer Lending/Payments			

*Data created and sourced by authors.*

- color indicates the technology is just introduced or have not penetrated at all
- color indicates that the technology is still emergent, but have been adopted by few
- color indicates that the technology is known and being used in some form by almost all.

The table 6 shows that Fintech services in India is still emerging and have not penetrated the financial sector this is due to the fact that the table is painted with more yellow and red in almost all the varied Fintech 3.0 except on cloud computing wherein the sector has adopted the technology well. While the cryptography is also emerging but is in usage with almost all services

### Ranking

Based on the above observations from the respective annual reports of top 5 private and public banks we have

ranked the banks on the level of Fintech 3.0 solutions being adopted and used by these banks in extending improves and better banking service experience to their customers. The following is the basis for Fintech 3.0 ranking in financial services.

**Bases 1.** Ranking is based on the number of customers acquired through Fintech 3.0 as per banks' annual report

**Bases 2.** Ranking is based on the volume of transactions carried through Fintech 3.0 as per banks' annual report

**Bases 3.** Ranking is based on the number of services extended via Fintech3.0 as per banks' annual report.

**Table 7 - Results: Fintech-Bank Ranking Matrix**

Fintech 3.0	HDFC	ICICI	Axis	Kotak	Yes	SBI	PNB	BOB	CBI	IDBI
AI*	1	1	1	1	1	2	3	3	3	3
RPA#*	3	2	4	5	1	6	7	7	7	7
Big Data#	2	1	4	3	5	7	6	7	7	7
API#	1	1	1	1	1	2	2	2	2	2
Blockchain^	3	2	2	2	1	5	4	5	5	5
Payments	2	2	2	1	1	3	3	4	4	3
Fintech 3.0	HDFC	ICICI	Axis	Kotak	Yes	SBI	PNB	BOB	CBI	IDBI
Digital / Mobile Banking#	1	1	1	1	1	2	3	5	5	4
Instant Banking#*	1	2	5	3	4	6	6	7	7	7

*Data created and sourced by authors #Number of services \*Volume of transactions ^Number of customers acquired*

## CONCLUSION

The above findings deduced from the observations show that the Indian banking system has started to adopt Fintech 3.0 in collaboration with Fintech start-ups as the acquisition cost of such technology is quite high. The Fintech 3.0 in financial service sector in India is still emergent and yet to adopt it. But it is expected that Fintech 3.0 will gradually if not rapidly be adopted in all financial services as its architecture and regulatory framework develops and become more robust for

sustained usage without the risk of theft, breach of privacy and related issues. This paper has the scope of further research on regulatory framework that is required for a more robust Fintech based banking solutions. However, this paper has its own limitations due to use of the secondary data accumulated from banks' annual reports, which vary significantly from each other on the bases of the reporting of technological advantages reaped by them.

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# *Mapping MSMEs Performance with respect to Government Schemes: 5 Years Analysis*

**Key words:** MSME, GDP, GVA, Government Schemes, Credit Guarantee Scheme Performance of MSME

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## **ABSTRACT**

The MSME sector in its vision had undergone a healthy growth by setting up the new enterprises and developing the existing ones. Theoretical discussions and information related to various government schemes are visible in research studies but analysis related to various schemes and their contribution to GDP with reference to GVA is not properly researched. This study is an attempt to bring forth the correlation of various schemes with Gross Value Added by MSME to GDP of economy. Analysis has been conducted to understand whether government schemes and initiatives are really strengthening MSME performance for the last few years or not. Main objective is to investigate the key performance of MSMEs in present scenario and progress of PMEGP during XI(2008-09 to 2011-12) & XII Plan (2012-13 to 2015-16) and performance of 'Credit Guarantee Scheme for Micro and Small Enterprises' from 2012 to 2017. The data are collected mostly from secondary sources by way of access to various

Government policies/ programs including published Annual Reports, Journals, Books and available official websites. There is a correlation between the subsidy released and subsidy utilized in MSME Sector i.e. the whole subsidy which is allocated by the Government of India is fully utilized in different projects which will lead to Gross Value Added of MSME sector. This GVA of MSME sector is directly connected with GDP of the country which will lead to growth and economic development. The goal herein, is to help practitioners achieve better performance.

## **INTRODUCTION**

The Micro, Small and Medium Enterprises Development (MSMED) Act was notified in 2006 to address different issues affecting MSMEs inter-alia the coverage and investment ceiling of the sector. The MSMED Act seeks to facilitate the development of these enterprises as also enhance their competitiveness. The MSMED Act has the following key provisions:

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Establishment of a National Board for Micro Small and Medium Enterprises headed by the Minister for MSME. The role of the Board is to examine the factors affecting the promotion and development of MSMEs, review the policies and programmes of the Central Government and make recommendations in regard to facilitating the promotion and development and enhancing their competitiveness.

It provides the first-ever legal framework for recognition of the concept of “enterprise” which comprises both manufacturing and service entities. It defines medium enterprises for the first time and seeks to integrate the

three tiers of these enterprises, namely, micro, small and medium.<sup>3</sup>

It empowers the Central Government to undertake programmes and issue guidelines and instructions to develop and enhance the competitiveness of MSMEs

**Definitions of Micro, Small & Medium Enterprises:** In accordance with the provision of Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 the Micro, Small and Medium Enterprises (MSME) are classified as below:

**Table 1 - Manufacturing Sector**

Enterprise Category	Investment in Plant & Machinery
Micro Enterprises	Does not exceed twenty five lakh rupees
Small Enterprises	More than twenty five lakh rupees but does not exceed five crore rupees
Medium Enterprises	More than five crore rupees but does not exceed ten crore rupees.

**Table 2 - Service Sector**

Enterprise Category	Investment in Equipment
Micro Enterprises	Does not exceed ten lakh rupees
Small Enterprises	More than ten lakh rupees but does not exceed two crore rupees
Medium Enterprises	More than two crore rupees but does not exceed five crore rupees

The primary responsibility of promotion and development of MSMEs is of the State Governments. However, the Government of India supplements efforts of the State Governments through various initiatives. The role of the Ministry of MSME and its organizations is to assist the states in their efforts to encourage entrepreneurship, employment and livelihood opportunities and enhance the competitiveness of MSMEs in the changed economic scenario.

### RESEARCH GAP & RESEARCH PROBLEM

Most of the research studies in MSME area are directed towards the growth of MSME with respect to manufacturing sector, employment opportunities generated by MSMEs, schemes launched by government to boost up their performance, contribution in GDP or Indian economy etc. It is difficult to find correlation between Gross Value Added of MSME with GDP of the country in the existing studies. Theoretical discussions and information related to various government schemes are visible in research studies but analysis related to various schemes and their contribution to GDP with reference to GVA is not properly researched. Authors have picked up this gap as research gap for delving into new research “Mapping MSMEs Performance with respect to Government Schemes: 5 Years Analysis”.

This study is an attempt to bring the relationship of various schemes with Gross Value Added by MSME to GDP of economy. Analysis has been conducted to understand whether government schemes and initiatives are really strengthening MSME performance for the last few years or not.

### OBJECTIVES OF THE STUDY

This study will try to explore the role of MSMEs towards strengthening Indian economy.

- Contribution of MSMEs in the country’s economy at current pace
- To study the government initiatives to revitalize the MSMEs sector
- Progress of PMEGP during XI(2008-09 to 2011-12) & XII Plan (2012-13 to 2015-16)
- Performance of scheme for 'Credit Guarantee Scheme for Micro and Small Enterprises' from 2012 to 2017
- Key challenges faced by MSME sector

### LITERATURE REVIEW

Dey (2014) attempts to focus the present status of

performance of MSMEs in India & future prospects. The MSME sector is an important pillar of Indian economy as it contributes greatly to growth of Indian economy. This sector even assumes greater importance now as the country moves towards a faster and inclusive growth agenda. The MSME sector helps to realize the target of proposed National Manufacturing Policy of raising the share of manufacturing sector in GDP from 16% at present to 25% by the end of 2022. This sector contributes significantly to manufacturing output, employment, exports of the country.

Chandraiah & Vani (2014) analyzed the definition of MSMEs, the role and performance of MSMEs in Indian Economy, Government policies towards MSMEs and problems of MSMEs. The Micro, Small and Medium Enterprises in India are acting as power and spirit of economic growth in the 21st century. It contributes significantly to India's Gross Domestic Product and export earnings besides meeting the social objectives including that of providing employment opportunities to millions of people across the country. With the introduction of reform measures in India since 1991, the government has withdrawn many protective policies for the Micro, Small and Medium Enterprise (MSMEs) and introduced promotional policies to increase competitiveness of the sector.

Vinay Kumar (2017) observed the role of MSMEs in providing employment opportunities & push towards the inclusive development of the country. An attempt is been made to analyze the various problems faced by these MSMEs in executing their operations. This sector through the production of 6000 products contributes 8% to GDP of the country. It constitutes the 45% portion of the total manufacturing output and 40% of the total exports of the country. So, the data for the study has been collected from the various secondary sources such as government websites, magazines, various reports & news papers

Das (2017) observed that Micro, Small and Medium Enterprises constitute the backbone of an economy in maintaining an appreciable growth rate and in generating employment opportunities. This sector has been regarded as engine of economic growth and social development in many developed and developing countries. Contribution of MSMEs to the Indian economy in terms of employment generation, containing regional disparities, fostering equitable economic growth and enhancing export potential of the country has been quite phenomenal. Despite some infra structural deficiencies

and challenges like flow of institutional credit and inadequate market linkages, this sector has registered remarkable success with regard to increase in number, quantum of investment, scale of production and overall contribution to national GDP. The study makes an attempt to focus on the huge growth potential and opportunities available in India for development of MSME sector, to identify important issues and challenges and offer suggestions to address the same.

Sarma (2016) observed that Micro Small and Medium Enterprises (MSMEs) contribute to economic development in various ways such as creating employment opportunities for rural and urban population. They contribute significantly to the country's Industrial production, highest employment growth and exports. The Data required for the study has been collected from secondary sources. The average growth of Micro, Small and Medium enterprises are analyzed for a period of ten years. Share of different sectors, their contribution to GDP and banking credit aspects are discussed.

Siddiqui (2015) observed that MSMEs plays a crucial role in the Indian economy by contributing about 60 percent of the total employment, 40 percent of GDP and more than 50 percent of total exports. Although there is a considerable increase in the number of MSMEs but there are numerous challenges associated with their growth, this research paper explores the specific challenges encountered by the MSME sector. In this study stratified random sampling was adopted with the sample size of 112 MSMEs, and the data was collected with the help of structured questionnaire. The data was further analyzed by using ANOVA and represented through tables. It was found that the major problems MSMEs face are in the form of marketing the products and shortage of working capital

## **RESEARCH METHODOLOGY**

The study involves a critical analysis of functioning of some micro, small and medium scale enterprises in the country and identifies the contribution of MSMEs in the country's economy at current pace, performance, initiatives, progress and challenges experienced by these enterprises. The data are collected mostly from secondary sources by way of access to various Government policies/ programs including published Annual Reports, Journals, Books and available official websites.

## **ANALYSIS**

**Table 3 - Contribution of MSMEs in Country's Economy at Current Price**

(Figures in Rs. Crores adjusted for FISIM3 at current prices)						
Year	MSME GVA	Growth (%)	Total GVA	Share of MSME in GVA (%)	Total GDP	Share of MSME in GDP (in %)
2011-12	2583263		8106946	31.86	8736329	29.57
2012-13	2977623	15.27	9202692	32.36	9944013	29.94
2013-14	3343009	12.27	10363153	32.26	11233522	29.76
2014-15	3658196	9.43	11481794	31.86	12445128	29.39
2015-16	3936788	7.62	12458642	31.60	13682035	28.77

*Source: Annual Report of MSME 2018*

From the above data we can evaluate that the share of MSME in total GVA is increasing from 2011 to 2014 but due to decrease in growth of MSME GVA the share of MSME in GVA decreases from 2105-16 due to this the share of MSME in GDP is also increasing from 2100-13 but decreasing from 2103-16. So we can conclude that the contribution of MSME's in country's Economy is decreasing which is not a good indication of economy's growth.

### **GOVERNMENT INITIATIVES TO REVITALIZE THE MSME's SECTOR**

The main recent initiatives taken by the government to revitalize the MSME's sector are:

#### **1. Access to Credit**

The biggest achievement for the government was the launch of the 59-minute loan portal to enable easy access to credit for MSMEs. During the launch government said loans up to Rs. 1 crore can now be granted in-principle approval through a dedicated portal launched for this purpose.

Bringing relief to GST compliant MSMEs, government had further announced a two-percent interest subvention for all GST registered MSMEs, on fresh or incremental loans. To help ease working capital woes of exporting fraternity, government also announced an increase in interest rebate from three percent to five percent for exporters who receive loans in the pre-shipment and post-shipment period.

#### **2. Access to Markets**

According to the government another significant measure aimed at enhancing access to markets for entrepreneurs is that Public Sector Companies have now been asked to compulsorily procure 25 percent, instead of 20 percent of their total purchases, from MSMEs.

Mentioning that 1.5 lakh suppliers have now registered with Government eMarketplace (GeM), out of which

40,000 are MSMEs, Public Sector Undertakings of the Union Government must now compulsorily be a part of GeM. All such PSUs should also get their vendors registered on GeM.

Additionally, to support women entrepreneurs, the government has maintained that, out of the 25 percent procurement mandated from MSMEs, three percent must now be reserved for women entrepreneurs.

#### **3. Technology Upgradation**

On technological upgradation front, keeping into account the importance of tool rooms as a vital part of product design, Government announced that 20 hubs, and 100 spokes in the form of tool rooms will soon be introduced across the country.

#### **4. Ease of Doing Business**

For facilitating a more conducive business environment for MSMEs, a number of measures have been introduced by the government last year. Noteworthy is, as part of the changed norm, the return under eight labour laws and 10 Union regulations must now be filed only once a year.

Further, for inspection purposes, the establishments to be visited by an inspector will now be decided through a computerized random allotment. The government noted that as part of establishing a unit, an entrepreneur now needs only two clearances namely -- environmental clearance and consent to establish. Since both air pollution and water pollution laws have now been merged, these, would subsequently require a single consent and any related return will be accepted through self-certification.

With regard to minor violations under the Companies Act, an ordinance has now been introduced by the government, under this, entrepreneurs will no longer have to approach the courts and instead, they can take remedial measures themselves through simple procedures.



## 5. Social Security for MSME Sector Employees

During last year, the government highlighted the need for introducing social security for the MSME sector employees. The finance ministry note says that a mission will be launched to ensure that they have Jan Dhan

Accounts, Provident Fund and Insurance. Government added that the implementation of such an 'Outreach Programme' for monitoring Social Security for MSME Sector Employees will be intensively monitored over the next 100 days.

**Table 4 - Scheme for Credit Guarantee Scheme for Micro and Small Enterprises**

Financial Year	Financial Expenditure (Rs. in Crores)	Physical Achievements
2007-08 to 2011-12	657.01	733361
2012-13	35	288537
2013-14	74.99	348475
2014-15	74.99	403422
2015-16	70.99	513978
2016-17	715.68	452127
Total	1628.66	2739900

*Source: Annual Report of MSME 2018*

**Table 5 - Progress of PMEGP during XI (2008-09 To 2011-12) & XII Plan (2012-13 To 2015-16)**

Year	MM Subsidy Released (Rs.Crore)	MM Subsidy Utilized# (Rs.Crore)	No. of Projects Assisted	Estimated Employment Generated
XI Plan Total (2008-09 to 2011-12)	3131.65	3067.69	1,64,283	16,05,865
2012-13	1228.44	1080.66	57,884	4,28,246
2013-14	988.36	1076.45	50,493	3,78,907
2014-15	1073.17#	1122.54	48,168	3,57,502
2015-16	1013.53*	872.44*	38103*	278160*
XII Plan Total	4303.5	4152.09	194648	1442815
Grand Total [XI and XII Plan]	7435.15	7219.78	358931	3048680

## KEY CHALLENGES FACED BY MSME SECTOR

- MSME faced the lack of availability of adequate and timely credit
- High cost of credit
- Collateral requirements
- Limited access to equity capital
- Procurement of raw material at a competitive cost
- Problems of storage, designing, packaging and product display
- Lack of access to global markets
- Inadequate infrastructure facilities, including power, water, roads, etc
- Low technology levels and lack of access to modern technology
- Lack of skilled manpower for manufacturing, services, marketing, etc
- Multiplicity of labour laws and complicated procedures associated with compliance of such laws.

Despite the various challenges it has been facing, the MSME sector has shown admirable innovativeness, adaptability and resilience to survive the recent economic downturn and recession

## FINDINGS OF THE STUDY

The MSME sector in its vision had undergone a healthy growth by setting up the new enterprises and developing the existing ones. The research find out that the progress PMEGP during XI (2008-12) & XII Plan(2012-16) was tremendous as the number of projects assisted including unutilized balance funds of previous year had decreased which leads to more employment.

There is a correlation between the subsidy released and subsidy utilized in MSME Sector i.e. the whole subsidy which is allocated by the government of India is fully utilized in different projects which will lead to Gross Value Added of MSME sector. This GVA of MSME sector is directly connected with GDP of the country which will lead to growth and economic development.

The Govt. has implemented various schemes for the promotion of MSMEs. The total expenditure on these schemes as on Oct 31, 2017 was 33.5 billion as against 4.5 billion till Oct 2016.

Moreover the performance of schemes for “Credit Guarantee for Micro & Small Enterprises” has increased tremendously from 2012 to 2017 which will lead to growth of this sector. The future of MSME sector in India

is bright and it will grow the economy.

Despite this, MSMEs continue to suffer some critical challenges like unavailability of adequate, timely and low-cost credit, lack of digitization, lack of skilled manpower, inadequate marketing support and infrastructure facilities, etc. These challenges have turned out to be the major dampener for the growth of MSMEs in India, and hence need to be resolved.

## IMPLICATION OF THE STUDY

This study would emphasize on the role and performance of MSME in an Indian Economy. Empirical results would make more sense to practitioners and researchers as well. Since, here, the ultimate emphasize on the contribution of MSMEs in the country's economy at current pace and it would be more convincing to everybody, since the final result is what one would expect is performance. This study would also help practitioners understand the relationship between the Gross Value Added of MSME with the country GDP. The goal herein, is to help practitioners achieve better performance. Also, for researchers they can explore these areas in a more elaborate way or can take up other variables to see their effect.

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# *India's Textile and Clothing Trade with ASEAN: Emerging Trends and Structure*

**Key words:** *India, ASEAN, International Trade; India's Trade with ASEAN*

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## **ABSTRACT**

ASEAN's trade with India is only about 2.8 per cent of its global trade whereas it contributes to about 9 per cent of India's global trade. This paper identifies and discusses that ample trade prospects exist in for India to increase its exports and develop value additions in its trade with ASEAN nations and trade block. Amidst the challenges that lie in a more liberalized environment of trade in goods for India with ASEAN, India can harness trade prospects in textile and clothing trade to ASEAN nations, enhancing its export markets and reducing its dependence on nations of US and Europe which are now coming up with restrictive trade policies. This will further reduce both regions' dependency on China.

## **INTRODUCTION**

Today ASEAN (Association of South East Asian Nations) contributes to about 9 per cent of India's global

trade; whereas ASEAN's trade with India is only about 2.8 per cent of its global trade. India's trade and economic interaction with the ten-nation ASEAN has been growing progressively. The decade saw the trade increasing at a rate of 23% ASEAN as a region has exhibited unparalleled economic dynamism to compete and integrate itself with the world markets. Since the inception of the look east policy this region holds utmost importance for India. In the year 2016-17, ASEAN share in India's exports and imports stood at 10.4% and 10.6% respectively. India signed a free trade agreement with the grouping in goods in 2009 which became operational in 2010, leading to an FTA in services and investments in 2014 which boosted the investments and a noticeable rise in services trade. Today ASEAN accounts for 10% of FDI in India. Both regions play an important role in the world apparel market and India is an important textile market as well.

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## SECTORAL IMPORTANCE

Indian textile and clothing industry was estimated at \$108 billion in 2013, accounting for 14% of industrial production, which is 4% of GDP; employing 35 million people directly, making it the second largest provider after agriculture and 17% share of the country's total exports basket. India's performance is particularly notable in key world textile export markets with ranking of third position in WTO 2015 report. The sector selection is a part of India's need to diversify its export structure and the value additions to be derived by increasing trade in the sector and increasing possibility of replacing China.

Vietnam, Indonesia and Cambodia lead in decreasing order as the top ten exporters of readymade garments to the US. Among ASEAN, textiles and apparel industries rank second in export-oriented manufacturing trade sector. In ASEAN countries and India, the sector is a leader in generating employment for low class and less skilled workers. The sector is relied on for more than 15% exports of these ASEAN nations.

## REVIEW OF LITERATURE

There is a vast literature of studies on India- ASEAN trade potentialities. Sector specific studies have been undertaken to understand the impact of tariff cuts in the trade agreement. Bainik (2014) opines that there is untapped potential and vast complementariness. Karmakar (2005) views India to have strong comparative advantage in services trade with the ASEAN nations but not in goods. Sen et al (2004) emphasizes the importance of India's growing merchandise exports to ASEAN which have more than tripled from 1992 to 2002. The two regions could corporate in the arena of services. Gaur (2003), De (2014), Lee and Liew (2007) also found that the nations could integrate in goods and service. Mondal and Sirohi (2013) tried to understand trade potential in the dairy trade undertaking a simulation analysis. Chandran (2010) has done a compatibility analysis for 16 sectors between India and ASEAN nations to conclude that trade could be enhanced in specific sectors. Raju (2010) has undertaken analysis for the agricultural commodities at HS 6 levels identifying important and potential commodities and concluding that under AIFTA most of the important agricultural lines are placed under sensitive category.

Kallumal (2012), Mohana kumar, S. (2012), Harilal (2010) focussed on the plantation commodities. Sinha (2009) sees strong potential for trade in machinery, steel, chemicals and synthetic textiles. Deloitte-FICCI (2011) through revealed comparative analysis showed that sectors such as textiles apparels & accessories; handicrafts, carpets, chemical and pharmaceutical sector where India has a revealed advantage, ASEAN on the

other hand has advantage in manufacturing such as machinery and appliances sector. CII (2013) report shows that the growth in ASEAN's share in India's exports is highest than any other region. There are sectors where the value of Indian exports to ASEAN is much below the scope and trade could increase. ASEAN can also diversify its product exports to India. Both the regions could increase mutual trade with each other. Standard chartered (2014) study sees an enormous potential in the region in mainly six categories of trade which includes apparel, petroleum products, organic chemicals and pharma. The study further forecasts that ASEAN will account for 15% share in Indian exports in the next 10 years.

Verma (2002) talks about the competitiveness of India's textile and garment industry and concludes that India can fare better in a globalized scenario. Nayak and Ahmed (2008) have undertaken the impact the trade agreement will have on the textile and apparel sector of India. The Indo-ASEAN trade has constantly grown in double digits but there will be product groups which may suffer due to increased imports from ASEAN. IBEF (2017) report suggests that the trade agreement between India and ASEAN will help India increase its T & C exports to ASEAN nations. We do not see many studies focussing on the trade in T & C. The current study intends to fill the gap and undertakes takes a preliminary level analysis at Harmonized System 2 digit in the India-ASEAN textile and clothing trade.

## RESEARCH OBJECTIVES

- 1) The first objective is to analyse the trends and structure in India- ASEAN textile and clothing trade at HS 2 level
- 2) The second objective is to identify important/potential export and import lines in T& Cat HS 2 levels.
- 3) The third objective is to figure out their important trading partners in Textile and Clothing lines.

## METHODOLOGY

I first analyse the exports and imports trends in various HS 2 degree of aggregation. A relative comparison is done by taking into account world trade with both India and ASEAN as partners in the specific categories. For the current study I have taken all lines from HS 50 till HS 63 as lines in the sector.

Categorization for important export and import line: Where average import share/export share in the period under discussion is greater than 5% for India over the identified time period in comparison to world trade and trade has grown on an average in both absolute and relative terms are important categories. Potential import and export category are those where imports and exports with each other have declined relatively where as from the world has increased.

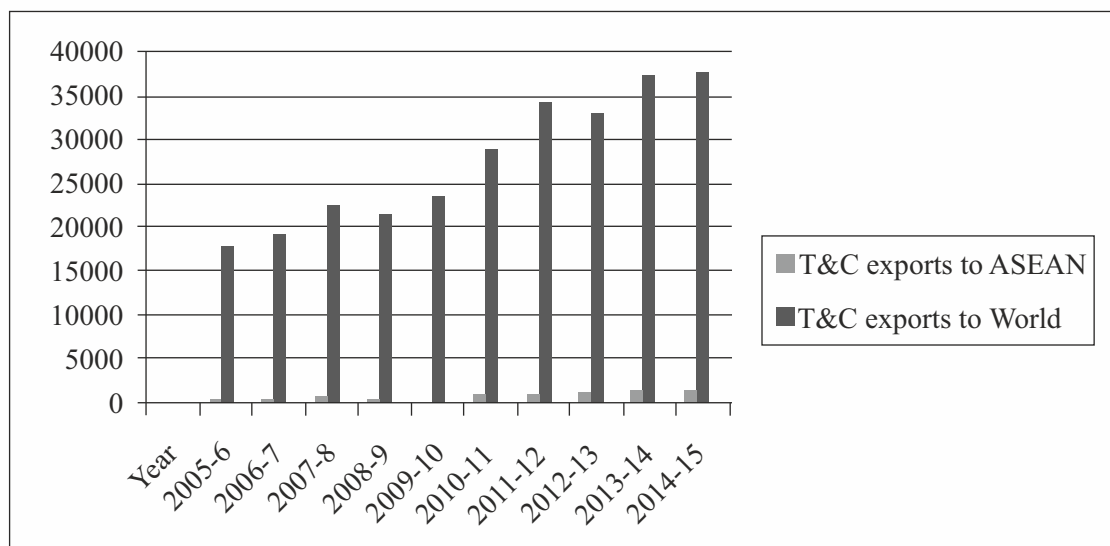
## DATA COLLECTION

The data has been collected for a broader period of time from 2005-2015 to even out the yearly fluctuations. Various sources of secondary data are DGCIS, ASEAN Statistics and UNCOMTRADE data which are considered authority in the field of international trade providing important insights have been used for secondary analysis.

## INDIA - ASEAN TEXTILE AND CLOTHING TRADE

The Textile and clothing trade between India and ASEAN has increased from \$446.86 million in 2005 to \$1508 million in 2015. At the same time India's total exports to the world have increased from \$ 17852.92 million to \$ 37651 million.

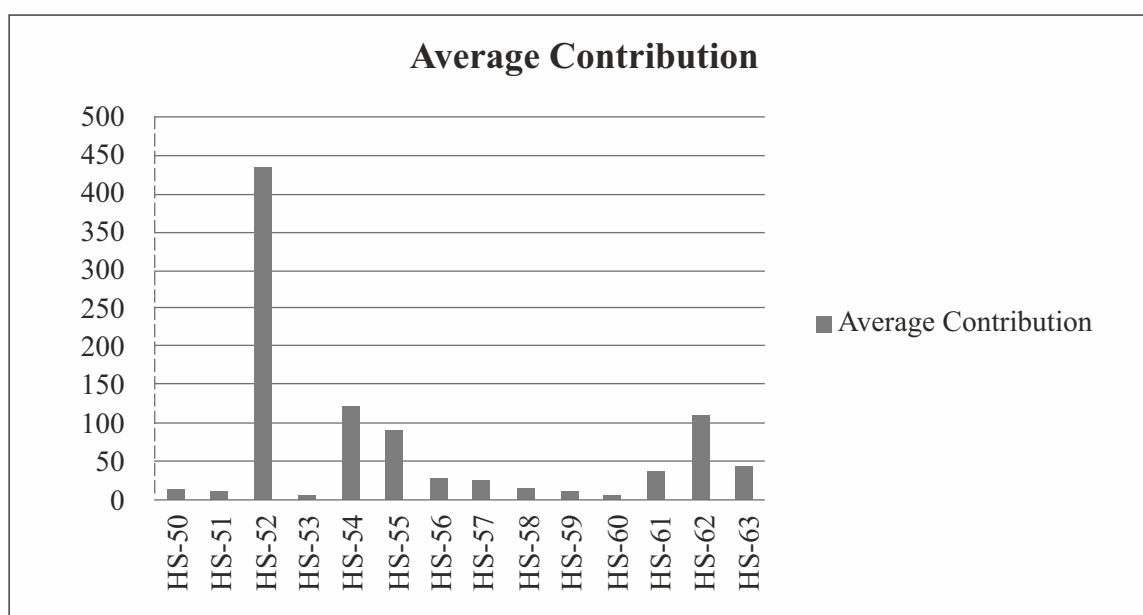
**Graph 1 - India's T&C Exports with World and ASEAN**



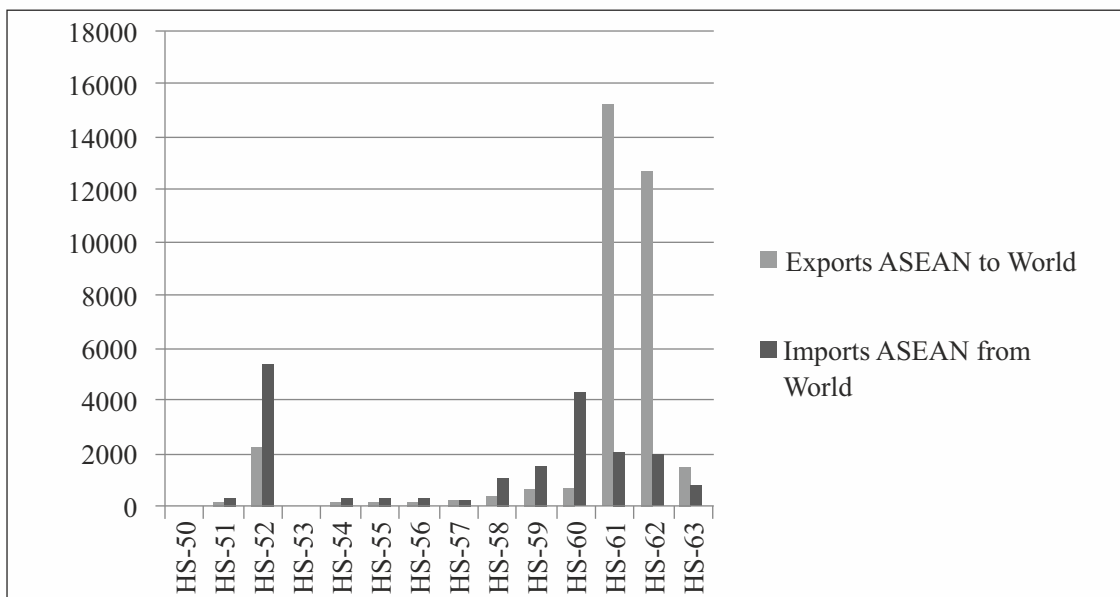
ASEAN's share in India's T&C exports has increased from 2% in 2005 to 4% presently. The top ranking categories for India's HS exports to ASEAN are

HS 52 (Cotton), HS 54 (Man Made Filaments), HS 62, HS 55 and HS 63 in decreasing order.

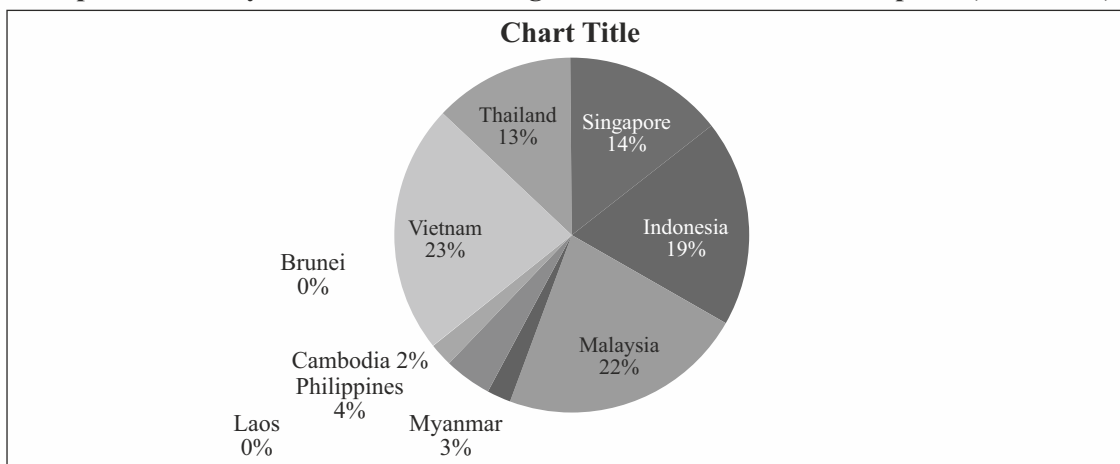
**Graph 2 - India's Average T&C Exports to ASEAN 2005-2015 (US \$ million)**



**Graph 3 - ASEAN's Major T&C Average Exports and Imports from World (2005-2015)**



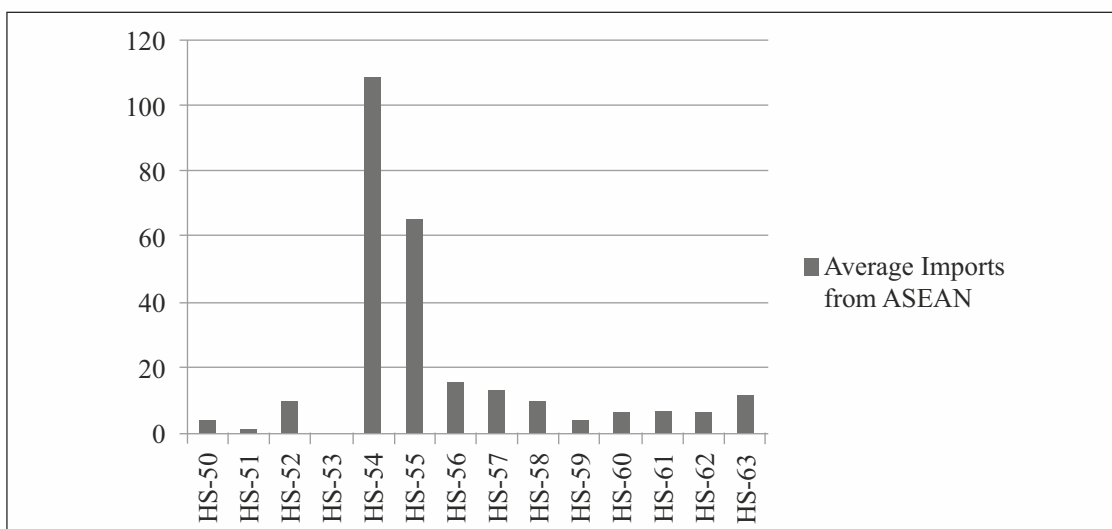
**Graph 4 - Country Wise Share on Average Contribution to India's Exports (2005-2015)**



There is marginal contribution from rest. The top four categories contribute 80% of India's T & C exports to ASEAN. A country wise analysis for the top export destination for India's T&C exports to ASEAN show

Malaysia and Vietnam as top destinations followed by Singapore and Indonesia. These nations account for almost 80% of India's T&C sector exports to ASEAN.

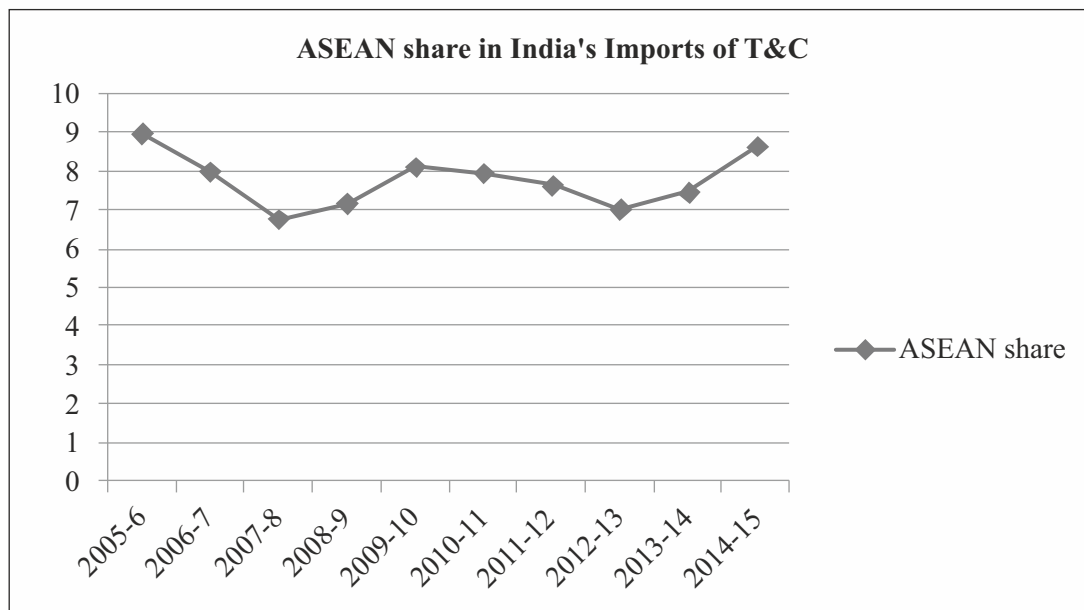
**Graph 5 - India's Average T&C Imports of India from ASEAN 2005-2015 (US \$ million)**



India's imports from ASEAN have risen faster than exports; the imports which stood at \$ 240 million in 2005 have risen to \$ 520 million in 2015. Thus ASEAN's importance in T & C imports of India is gaining

prominence. The import share of ASEAN in India's total imports of Textile and clothing stands at around 9% and has fluctuated between 7%- 9% in the intervening period.

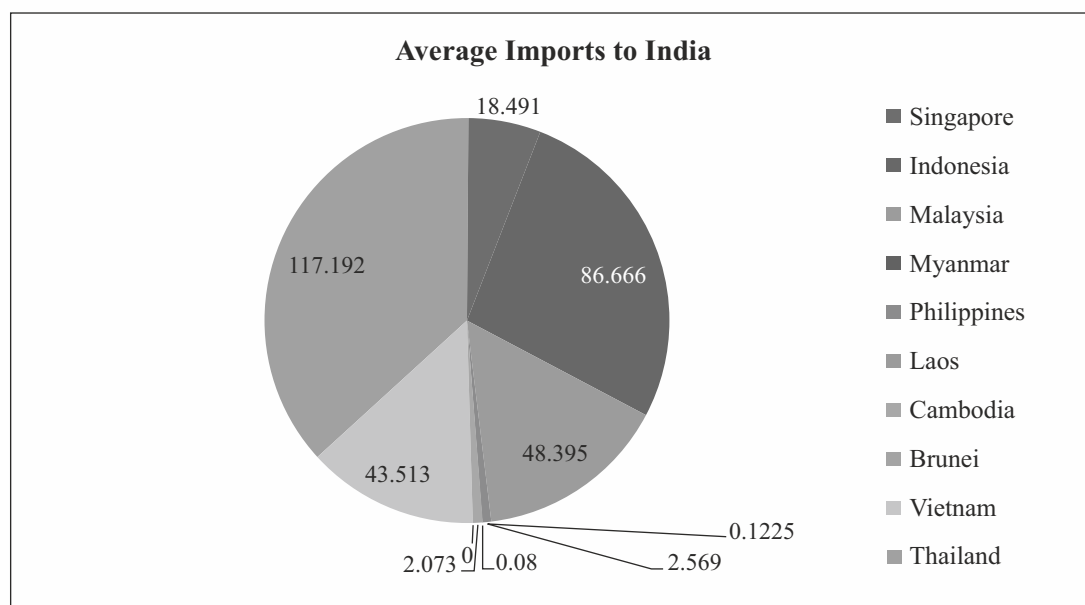
**Graph 6 - ASEAN's Share in India's Imports**



The top ranking categories are HS 55, HS 54 and HS 59. (See Graph 6) These contribute 75% of India's imports

from ASEAN. Major suppliers of India's imports are Thailand, Indonesia and Malaysia (in decreasing order).

**Graph 7 -Major Importers from ASEAN to India**



### HS 50 (Silk)

India is the second largest producer of silk in the world after China and produces all different varieties of silk. India is the second largest silk producer in the world but it gets a low rank globally, since most of Indian silk goes into domestic consumption. India's exports to ASEAN as

well as the world have shown a downward trajectory. India's exports the world has declined from US \$ 392 in 2005 to US \$ 135 million in 2015. India's share in ASEAN's import of silk has also declined. This stood at 18% in 2005 and is presently at 8%. India ranks at sixth position as ASEAN's import partner.



**Table 1 - India's Top Three Import and Export Partners (2015-2016)**

Category	Top Export	Top Import
HS 50	US, UK, China	China, Malaysia, Vietnam
HS 51	UK, Italy, Japan	Australia, China, New Zealand
HS 52	China, Bangladesh, Pakistan	China, USA, Mali
HS 53	USA, China, Netherland	Bangladesh, China
HS 54	UAE, Turkey Brazil	China, Vietnam, Japan
HS 55	Bangladesh, Turkey, UAE	China, Indonesia, Thailand
HS 56	Iran, UAE, USA	China, USA, Japan
HS 57	US, Germany, UAE	China, Thailand
HS 58	Italy, Nigeria, UAE	China, Hong Kong, Sri lanka
HS 59	China, UAE, Saudi Arabia	China, Taiwan, Thailand
HS 60	Sri Lanka, Bangladesh, US	China, Sri Lanka, Hong Kong
HS 61	USA, UAE	China, Bangladesh
HS 62	USA/UAE/UK/Europe	Bangladesh, China
HS 63	USA/Europe	China, Bangladesh, US

**Table 2 - ASEAN's Top Three Major Export and Import Partners in Various Lines (India's Rank)**

Category	Top Export	Top Import
HS 50	Japan, India, Italy(2)	China, Japan , Brazil(7)
HS 51	Japan, Italy, China(9)	China, Austalia, Japan(11)
HS 52	China, Japan, Republic of Korea(32)	China, United States, Japan(5)
HS 53	China, UK, Japan(14)	China, Bangladesh, Japan(4)
HS 54	Turkey, China, UAE(6)	China, Taiwan, Republic of Korea
HS 55	Turkey, Republic of Korea, Japan(12)	China, Korea, Japan(9)
HS 56	Japan, Indonesia, China(9)	China, Japan, Korea(11)
HS 57	Japan, Indonesia, China(9)	Japan, Australia, US(4)
HS 58	Australia, Indonesia, Malaysia(12)	China, Republic of Korea, Taiwan(9)
HS 59	US, Indonesia, Korea(5)	China, Japan, Korea(21)
HS 60	Cambodia, Indonesia, Vietnam(16)	China, Taiwan, Korea(15)
HS 61	United States, Japan, Germany(36)	China, Malaysia, Indonesia(7)
HS 62	United States, Japan, Korea(42)	China, Hong Kong, Italy(6)
HS 63	United States, japan, Korea(13)	China, Japan, korea(8)

This is when ASEAN's imports from the world have remained steady. This could be a potential export category from India to ASEAN. With silk prices rising and deterioration in Chinese quality, ASEAN nations and India could see more trade. India could increase its

market share in ASEAN nations as silk is consumed in most of them. Malaysia has recently seen a huge surge in silk exports. Thailand is also silk exporter. Thus we could see more trade in this category between India and ASEAN.

India's imports from ASEAN although insignificant have increased in both absolute and relative terms, it has increased from a negligible \$ 1.3 million to \$ 10 million presently. See (Table 4). ASEAN's share in India's silk imports has increased from a mere 0.3% in 2005 to 4% presently. India is presently ASEAN's second most important partner in terms of silk exports. Thus imports from ASEAN are gaining prominence. India has become an important partner in terms of ASEAN exports of silk

with share touching around 13% in 2010-11. It presently stands over 10%. This is an important import category. Currently the most important source of India's silk imports is Vietnam but trade can be enhanced as most of the ASEAN nations are consumers of silk. The exports from Malaysia and Vietnam have been seen to be rising significantly, figuring in India's top three importing partners, Thailand is routed as the next silk next hub of ASEAN.

**Table 3 - India's Export to ASEAN and World (in US \$ Million)**

India's Export to ASEAN				India's Export to World (ASEAN Share)		
Code	2005-6	2010-11	2014-15	2005-6	2010-11	2014-15
HS 50	21.43	24.29	10.5	392.4(5.46)	387.32(6.6)	135.58(7.7)
HS 51	5.98	11.73	17.52	80.83(7.3)	159.38(7.3)	177.18(9.8)
HS52	164.99	477.96	730.04	2983.88(5.5)	6925.83(6.9)	7717.61(9.4)
HS53	2.03	4.06	1.9	157.45(2.03)	393.88(4.06)	373.76(1.95)
HS54	74.44	133.5	172.69	916.85(8.1)	2300.46(5.8)	2392.08(7.2)
HS55	33.35	97.53	11.2	822.71(4.05)	1815.77(5.37)	2179.24(5.1)
HS56	74.44	133.5	172.69	916.85(8.1)	2300.46(5.8)	2392.08(7.2)
HS57	11.19	95.96	28.2	1121(0.99)	1398.27(6.86)	1819.5(1.54)
HS58	2.64	17.92	23.63	152.55(1.7)	233.12(7.6)	404.88(5.83)
HS59	9.44	6.36	50.01	79(11.94)	125.87(5.05)	365.65(13.67)
HS60	0.63	9.77	7.16	49.6(1.27)	197.65(4.94)	256.85(2.78)
HS61	22.35	48.77	60.11	3190.85(0.7)	4953.24(0.98)	7654.22(0.78)
HS62	73.35	98.94	208.61	5435(1.34)	6673(1.48)	9191.53(2.26)
HS63	15.61	43.46	42.89	2384.44(0.65)	3101.03(1.40)	4645.33(0.9)

**Table 4 - India's Imports from ASEAN and World**

Commodity	India's Import from ASEAN			India's Import from World (ASEAN Share)		
Year	2005-6	2010-11	2014-15	2005-6	2010-11	2014-15
HS 50	1.3	10.21	9.78	398.05(0.3)	379.12(2.69)	215.12(4.54)
HS 51	1.61	1.71	0.25	265.47(0.6)	359.79(0.4)	401.04(0.06)
HS 52	15.32	-6.85	7.14	438.01(3.49)	415.84(1.64)	739.62(0.96)
HS 53	0.28	0.33	0.4	102.83(0.2)	193.39(0.17)	305.41(0.13)
HS 54	109.1	100.9	184.62	456.94(23.87)	664.35(15.18)	824.82(22.38)
HS 55	28.3	64.57	121.89	180.61(15.66)	424.97(15.19)	743.7(16.38)
HS 56	7.76	13.09	42.3	84.23(9.2)	139.19(9.4)	242.23(17.46)
HS 57	7.73	9.91	22.8	35.01(22.07)	67.02(14.78)	86.68(26.30)
HS 58	2.6	10.81	18.2	85.95(0.03)	109.98(0.09)	187.57(0.09)
HS 59	47.95	70.1	60.52	362.14(13.24)	621.55(11.27)	784.3(7.71)

Commodity	Share of India in ASEAN Imports			ASEAN Exports to World (India's Share)		
Year	2005-6	2010-11	2014-15	2005-6	2010-11	2014-15
HS 60	8027	6.87	9.25	100.41(8.2)	251.08(2073)	469.83(1.96)
HS 61	2.18	5.98	17.61	17.27(12.62)	82.28(7.26)	213.88(8.23)
HS 62	3.15	4.34	14.17	39.42(7.99)	189.93(2.74)	309.77(4.5)
HS63	4.28	18.81	10.12	107.01(3.99)	267.53(7.03)	495.75(2.04)
HS 50	18.34	16.46	8.78	94.45(1.3)	77.26(13.21)	92.23(10.60)
HS 51	2.79	4.6	3.17	127.53(1.26)	113.14(1.51)	167.62(0.14)
HS 52	5.9	8.31	9.37	1558.81(0.98)	2558.89(0.26)	3441.58(0.2)
HS 53	6.9	18.8	7.15	38.28(0.73)	88.27(0.3)	113.89(0.35)
HS 54	5.4	4.2	3.6	2684.6(4.06)	3284.23(3.07)	3828.65(4.8)
HS 55	1.54	1.8	1.45	2737.58(1.03)	4141.09(1.55)	4644.51(2.62)
HS 56	5.4	4.2	3.6	545(1.42)	812.39(1.61)	1235.72(3.42)
HS 57	8.78	26.79	10.05	202.43(3.8)	250.97(3.94)	317.36(7.18)
HS 58	0.45	1.4	1.25	355.31(0.7)	399.88(2.7)	564.55(3.2)
HS 59	1.37	0.43	1.88	399.79(11.9)	815.38(8.5)	1000.09(6.05)
HS 60	0.03	0.23	0.07	477.57(1.73)	840.87(0.81)	949.59(0.97)
HS 61	1.33	1.42	2.22	10307.77(0.02)	14337.89(0.04)	22307.41(0.07)
HS 62	5.8	3.9	7.14	9828.38(0.03)	11386.73(0.03)	18405.98(0.07)
HS63	3.4	4.48	3.5	877.36(0.48)	1652.1(1.13)	2408.38(0.42)

**Table 5 - India's Important and Potential Export Lines with ASEAN in Various Lines at HS 2 Level**

HS Code	Important Export	Important Import	Potential Import	Potential Export
50		✓		✓
51	✓		✓	✓
52	✓		✓	
53			✓	✓
54			✓	✓
55	✓	✓		✓
56	✓	✓		✓
57	✓	✓		
58	✓			
59	✓	✓	✓	✓
60			✓	✓
61		✓	✓	✓
62		✓	✓	
63			✓	✓

### **HS 51 (Wool, fine or coarse animal hair)**

India ranks seventh in the world in wool production accounting for 1.8% of global production. Many states especially those on the hilly terrain make use of animal hair to make fine woollen carpets, rugs and shawls. India ranks in the top 10 biggest wool producing countries in the world. Both India and ASEAN are net importers. India's exports to ASEAN have increased in both absolute and relative term, from US \$ 5.98 million to \$ 17.52 million and ASEAN's share in India's total export has fluctuated between 7% to 9%. India ranks as ASEAN's ninth largest export partner. Since India has been witnessing a decline in the major markets of US, UK and UAE, it could target more of ASEAN nations. ASEAN's exports from the world has increased in absolute terms from \$ 214.17 to \$ 552.65 million, India's share has remained fairly constant from 2% to 5%. India's import share from ASEAN is negligible and the share of ASEAN has declined. Share of ASEAN in India's imports has declined from 0.6% in 2005-6 to 0.06% presently. In this period ASEAN's exports to the world has remained stable and India's imports from the world have increased. This could be a potential import line from ASEAN to India.

### **HS 52 (Cotton)**

This is the dominant product line in India's textile industry. India is the largest producer and second largest exporter of cotton globally. India is net exporter of cotton in the world whereas ASEAN is net importer. ASEAN's share in India's exports of HS 52 has increased from 5.5% to over 9% presently. India's share in ASEAN's imports has also increased. This is an important category in terms of exports. In imports from ASEAN, India's share has fallen from 3.5% in 2005-6 to less than 1% presently whereas India's imports from world have risen. India's share in ASEAN's exports has declined whereas ASEAN exports to the world have risen. India ranks as low as 32nd position in ASEAN's exports and second position in ASEAN's imports of cotton. India could replace China here and ASEAN nations can also look forward to exporting more cotton in India. This category also accounts for intra ASEAN trade. Thus this could be a category for potential imports. Many ASEAN countries like Vietnam, Cambodia and Indonesia rely on cotton imports for their garment exports to the world and are becoming important destination of India's exports. Textile traders from Vietnam etc are looking forward to India as a market and this category will see much growth in exports from India.

### **HS 53 (Other vegetable textile fibres, Paper Yarn)**

India accounts for 12% of production of fibre and yarns. We do not see much change in ASEAN's share in India's exports. It reached a peak of around 4% in 2010-11 and has thereafter declined. India's share in ASEAN imports

of HS 53 which reached around 19% in 2010-11 has fallen to around 7.5% presently. India is a net exporter. Till 2000-2009, ASEAN was a net importer but recently its exports to the world have exceeded its imports. This could be a potential export category. India ranks as the fourth important country in imports to ASEAN in this category. There are negligible imports in from ASEAN to India, India's imports from the rest of the world have risen as well as ASEAN exports to the world. Thus this could be a category of potential imports from ASEAN to India

### **HS 54 (Man made fibres)**

India has shown considerable growth and is leading manufacturers of man-made textiles globally. There is ample opportunity for India to grow as China's positional dominance declines. Share of ASEAN in India's exports has remained static with mild level fluctuations whereas in absolute terms India's exports to ASEAN have increased. India is a net exporter in this category. ASEAN in recent years is importing more than it is exporting. ASEAN imports from the world, has increased in absolute terms and there has been a decline in India's share. Thus we term it as a category of potential exports. ASEAN has a high share in India's imports which is 22%, this has also increased in value terms. India is ASEAN's sixth important partner in terms of exports in this category and ninth in terms of imports. Thus this is an important import line. India's share in ASEAN exports of HS 54 has remained constant. As China's dominance declines we see potentiality of trade for both India and ASEAN.

### **HS 55 (Man made staple fibres)**

ASEAN share in India's exports of HS 55 has hovered between 4% to 6% and has shown an increase in both absolute and relative terms. ASEAN's imports from the world in HS 55 have increased in absolute terms whereas India's share has remained constant. Thus India could export more to ASEAN and it is a potential export. India's imports of manmade staple fibres has increased in absolute terms. India's imports from ASEAN are almost 15%. and it ranks as the 9th most important import partner. Thus it is an important import item. India's share in ASEAN exports was 1% in 2010 and is currently 2%. Since India is one of the largest suppliers of manmade fibres, it should become an important sourcing partner for ASEAN nations.

### **HS 56 (Wadding, special yarns, twines, ropes and cables)**

India is exporting mostly to Middle East nation here. Share of ASEAN in India's exports is in double digits. It had reached around 16% in 2010-11 and is presently around 11%. We see an increase in exports in both relative and absolute terms Thus it is termed as an important export category.



ASEAN imports from world have greatly increased whereas India's share has remained constant around 2%. Thus this could also be a category of potential exports. ASEAN's share in India's has witnessed an increase from 9% in 2005-6 to 17% presently. Thus it is an important import category. India's import share in total ASEAN exports has increased marginally from 1.4% to 3.4% presently and India ranks ninth in ASEAN's export partners. Countries like Indonesia, Vietnam and Malaysia are important exporters.

#### **HS 57 (Carpet and other textile floor coverings)**

This is a very important category in terms of India's exports to the world. India ranks first in terms of production and export of handmade carpets. This is true for both value and volume. Around 75–85 per cent of carpets manufactured in India are exported, major importers being the developed countries of US and Germany. ASEAN nations do not produce in this category and in comparison to India the exports by ASEAN remains miniscule. ASEAN's share in India's exports of carpets is low. It stood at approx. 1% in 2005-6 and increased to around 7% in 2010-11. It currently stands at 1.5%. India's share in ASEAN imports has been fluctuating in the time period with some years of 2006 and 2010 showing 19% and 26% share whereas rest it is between 7%-10%. ASEAN has a high relative contribution in India's imports of carpets. In terms of exports of carpets to ASEAN, India's rank is fourth and in imports it ranks ninth. Among ASEAN nations Thailand is an important producer of carpets. Thus this is an important import category. India's share in ASEAN exports has also increased from 3.8% in 2005-6 to 7% presently.

#### **HS 58 (Special woven fabrics/ tapestries/ lace/ trimming)**

India's exports to ASEAN were very low in 2005-6 and stood at 1.73% in ASEAN's share in India's exports. This is currently 6%. The share is less but the category has witnessed an increase in India's exports to ASEAN. India is a net exporter and ASEAN is a net importer here. Thus we term it as important in India's exports to ASEAN. India's share in ASEAN's imports has increased marginally from 0.4% to 1.25% presently. ASEAN's share in India's imports of HS 58 is marginal, though it has increased in absolute terms from 2.6 million in 2005-6 to 18.2 million in 2014-15. India's import share in ASEAN's total exports has increased from 0.7% in 2005-6 to around 3.2%.

#### **HS 59 (Impregnated, coated, covered or laminated textile fabrics; textile articles of a kind suitable for industrial use)**

India's share of exports of HS 59 to ASEAN has shown fluctuations from 5% to 13%. India and ASEAN are both

net importers. The current share is around 12%. ASEAN's imports of HS 59 from the world have witnessed an increase whereas India's share has declined. Thus this could be a category of potential exports for India. If we analyse the same from the import side, share of ASEAN in India's import has declined from a high 13% in 2005-6 to around 7% at present. Exports from ASEAN to the world in this category have witnessed an increase whereas India's share has declined. Thus this could be a category of potential imports.

#### **HS60 (Knitted or crocheted fabrics)**

India has negligible export to ASEAN. Share of ASEAN in India's total exports has marginally increased from 1.27% in 2005-6 to 2.78% in 2014-15. India's share in ASEAN imports in this category is stagnant, though ASEAN imports from the world have dramatically increased. Thus this could be potential export category from India to ASEAN. ASEAN's share in India's imports in this category has declined from over 8% in 2005-6 to around 1.9% presently. ASEAN exports to the world have increased whereas India's import share has declined. This could mean potential imports from India to ASEAN. This category is seeing lot of Intra ASEAN trade and ASEAN major export partners are within ASEAN. Cambodia, Indonesia and Vietnam are all net exporters; though as a whole ASEAN is a net importer. ASEAN could definitely increase its exports in India. Currently India ranks a low of 16th as export partner.

#### **HS 61 (Articles of apparel and clothing accessories, knitted or crocheted)**

This is one of the highest contributing HS 2 category in India as well as many of the ASEAN nation's exports to the world. India's export to the world in this category is very high but its exports to ASEAN remains stagnant at 0.7%. Share of India in ASEAN import was 1.3% in 2005-6 and is currently at 2.2%. Thus India could increase its exports to ASEAN. Share of ASEAN in India's imports has declined from 12% in 2005-6 to around 8% presently. India's share in ASEAN exports has also remained stagnant though ASEAN world exports have increased. Thus we see both regions having trade with the outside world but not with each other. Thus further import potential is seen. Both countries can further export to each other for intra industry trade replacing China.

#### **HS 62 (Articles of apparel and clothing accessory, not knitted or crocheted)**

Share of ASEAN in India's exports have remained stagnant, though India's exports to the world have been rising. India's share in ASEAN imports has fluctuated between 5% to 8%. India's imports from the world have increased but the share of ASEAN has declined from 8% in 2005-6 to 4.5% presently. ASEAN exports to the world



have increased but India's share has remained stagnant that is below 1%. Thus there could be possibility of future imports in this line. India is majorly importing from other Asian partners of Bangladesh and Sri Lanka. It is very important to decipher if there are export dissimilarities for ASEAN and India in export to other countries and value chain can be established. Currently India ranks 42nd in its important trading partners in exports but its position in import is at 6th.

### **HS 63 (Other made-up textile articles; sets; worn clothing and worn textile articles; rags)**

ASEAN share in India's exports of HS 63 remains negligible. Also India's share in ASEAN total imports has fluctuated inbetween 3.5% to 7% but has recently declined. Thus there could be potential exports for India. Share of ASEAN in India's imports has fluctuated between 3% to 7% and has recently declined to 2% in 2014-15. At the same time ASEAN exports to the world has steadily increased. India's share in ASEAN total exports has remained stagnant throughout the period. This category could thus be a potential import category. India currently ranks at 8th position in terms of ASEAN's importing partners which may improve further.

### **OPPORTUNITIES AHEAD**

Vietnam is a country which is raw material-dependent and imports are in billions chiefly for its garment industry in 2014. This is filled by China while India is raw material-sufficient. India-Vietnam textile cooperation could help Indian textiles industry get a new market, and Vietnam diversified sources of supply. Further, India also could provide a huge market for Vietnamese garments. Myanmar too will enter the foray as its clothing industry grows in the coming years; Indonesia imports a significant part of textiles from India for its growing garmenting units, it is currently importing nearly 7.09% of its requirements of Cotton from India. India's relationship with ASEAN will grow in future amidst the prospect that overland routes through Myanmar will

improve east-west trade potential. Tremendous potential exists for India to boost its manmade textiles in markets of Malaysia and Cambodia.

### **CONCLUSION AND FUTURE RESEARCH**

Amidst the challenges that lie in a more liberalized environment of trade in goods for India with ASEAN, India can harness trade prospects in textile and cotton trade to ASEAN nations, enhancing its export markets and reducing its dependence on nations of US and Europe which are now coming up with restrictive trade policies. The above analysis shows that ample trade prospects exist in for India to increase its exports and develop value additions in its trade especially in Jute, cotton and natural fibres etc. It can also diversify trade to the other smaller countries. We see substantial value chains which can develop between India and ASEAN nations particularly in goods which are more complementary rather than competing in the international markets. This will further reduce both regions' dependency on China.

India and ASEAN can further develop their T& C trade particularly in those lines where the imports from each other can be used for further export to world markets. Future research could focus on specific analysis at HS 4 and HS 6 levels to decipher intra industry trade. Those product lines now need to be identified which have a comparative advantage in ASEAN countries and trade also be emphasized with the CLMV countries (Cambodia, Laos, Myanmar, Vietnam). Author sees less trade happening with each other currently, the export and import basket has potential to move upwards for developing the value chain. There is also scope to diversify to cater to the emerging and growing demand in the two regions. Further analysis could focus on identification of disaggregated product lines and revealed comparative advantage. A working out of export similarity index for the garment sector at disaggregated lines will show revealing results.

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# *Study of the Factors Generating Students' Interest to TVET Programme*

**Key words:** TVET, Education, Vocational, Technical

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## **ABSTRACT**

Technical and vocational education is one of the branches of education offered today. It is offered to furnish opportunities for students with a tendency towards practical skills in relation to science and engineering education to fit the needs of skilled manpower in the industry, both inside and outside the land. In Malaysian society, to understand this technical education program, many related programs have been produced and provided. This breeding scheme was also inserted from Secondary School level till University level. This research will be conducted based on the set of questionnaires that will be distributed to the respondents, a randomly selected person in numerous age levels through an electronic/manual survey forms. The questions will be categorized into specific elements, the demographic, and later try to look into several factors derived from previous studies. The number of respondents will be taken 100 in number to whom a set of

questionnaires will be distributed to them. The method used to collect the data is systematic sampling technique because the main target for audience are youngsters between the age of 16 to 22 and the other part of populations are people who are already completed their cycle of educations, either they are employed, or conduction their own business. This aims to understand the public perception at all level with more focus on exposure of TVET Education to public.

## **INTRODUCTION**

Technical Vocational Education and Training (TVET) has played a very important role in the social development of society in line with the country's economic development. Since its introduction in the early 1900s, Technical and Vocational Education has undergone various transformations and changes in its efforts to make it relevant to current requirements. Technical and Vocational Education was introduced with

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aim of providing skills training to create highly skilled workers. The results of the 1979 cabinet report on the implementation of the education policy have suggested two streams of education systems known as the academic education system and the vocational education system.

In the school system, vocational education is integrated into the curriculum through the application of some subjects at primary, lower and upper secondary levels. Vocational competencies in academic schools are more common in comparison to technical and vocational schools. Subjects or courses offered are more technically and vocational oriented. Some of the courses are offered for the purpose of entry into the work environment after completing schooling and partly for the purpose of building the foundation for students to further higher level education.

At the primary level, students are exposed to the element of vocational education through Living Skills (four to six years). These subjects aim to make students more knowledgeable about technology and introduction to entrepreneurship. Living Skills subjects are continuously developed at lower secondary level (tier one, two and three). The purpose of pre-vocational subjects introduced at this stage is to combine the skills acquired at the primary level and to stimulate the development of skills, creativity and interest in the technical and vocational fields especially in the field of entrepreneurship. In addition, it aims to expose students to various fields of work through hands-on learning. Among the components of vocational skills contained in Life Skills are Design, Technical Drawing, Woodwork and Metal, Electric and Electronic, Sewing and Cooking, Trade and Entrepreneurship and Agriculture. At the upper secondary level, academic stream schools offer vocational subjects as elective subjects. Among the subjects offered are Engineering Drawing, Engineering Technology, Design, and Account and Trade Principles.

Anyhow, the survey done by City and Guild in nine countries including Malaysia found out that in all except Hungary, the image of vocational training was seen by people to be generally poor. This is something that is contradicting to the needs mentioned above.

Vision 2020 outlines the 6th challenge to create a scientific and progressive society, having a high level of power and looking forward and not only becoming a technology user but also becoming a future scientific and technological contributor. Realization of the wishes in Vocational Training and Technical Education in Malaysia needs to work towards the enhancement of "Innovation Thinking" in TVET. This can be seen as a new challenge that needs to be faced for human capital development in line with the needs of the industry as well as the current market.

Thoughtful Innovation in TVET is able to produce students who are not only able to do high-skilled work but also able to create, adapt and renew products or technologies. This contributes towards making Malaysia a centre of excellence for inventions and industrial designs in line with developed countries prominent in promoting innovation.

TVET needs to be empowering to produce students with high innovation power. The enhancement of "Innovation Thought" in TVET is also in line with the National Mission Core to enhance the nation's knowledge and innovation capabilities as well as to cultivate 'first-class minds' and build innovative societies with strong Science & Technology (S & T) capabilities. Among other challenges which need to be addressed in the strengthening of TVET is the issue of training or education offered by various providers, such as schools, various ministries such as Ministry of Human Resources, public agencies such as MARA or private and also the industry need to have coordination or effective networking between each. Good coordination among all TVET suppliers is key to the smoothness and continuity of TVET in Malaysia.

This research aims to study the factors which contribute to lacking of TVET implementations among the students. It is known that needs for skilled manpower is becoming vital with the current industrial needs. Increase in the labour demand engendered by decades of rapid growth has not been matched by a natural increase in labour supply (KC Cheong & KH Lee, 2016). Hence, TVET should play a major role in meeting the growing demand, but practically in Malaysia's education system, TVET is hardly being mentioned.

Feedback of this survey may further help in finding methods which can improve TVET program as a whole, and may also suggest other measures which may lead to better acceptability of TVET programs.

## **LITERATURE REVIEW**

Malaysia's economy has recorded a high growth rate since 1988, which is more than 7.5 per cent per annum which has had a profound impact on the demands of manpower, especially on professional, skilled and semi-skilled workforce (Rahmah & Ishak, 1997). This can undoubtedly be a major challenge to the nation's education system especially for technical and vocational education in supplying talented and skilled workforce. This was supported by the Sixth Malaysia Plan (1991-1995).

Isahak (1992) pointed out that the manpower required in organizational-based management would be an efficient and professional manpower, open-minded to receive and study information and knowledge as well as to make adjustments quickly. Given that future industrial activity



is based on high technology, it is imperative for governments and private companies involved with this technical and vocational education to make a thorough and comprehensive plan to create a sound educational system so that it can meet current needs. Technical and vocational education also serves as an alternative system for providing pre-vocational skills education training in an effort to provide them with the job market demand in the future.

Based on these objectives, we can see the importance of technical and vocational education in the role of coaching, thereby generating people with the knowledge, attitudes and skills that are capable of fulfilling the needs of manpower in our country. This situation will help produce workers who are able to meet the expectations of management organizations and services in Malaysia. According to Mahathir (1991), the vocational education system needs to be changed from time to time according to the needs of organizations and services in Malaysia as yet no system can be used as the best formula to solve the problem of human resource skill level. Its constantly changing needs in line with the latest technological developments cause the technical and vocational education system to require a more dynamic solution. Many (1992), in the development of an advanced nation, the technical and vocational education system should be able to produce students who are fit physically, emotionally, spiritually, intellectually and socially. This is due to the rapid development of various organizations and services in Malaysia. To develop good students, teachers and educators need to improve their skills first. The approach practiced in the teaching and learning

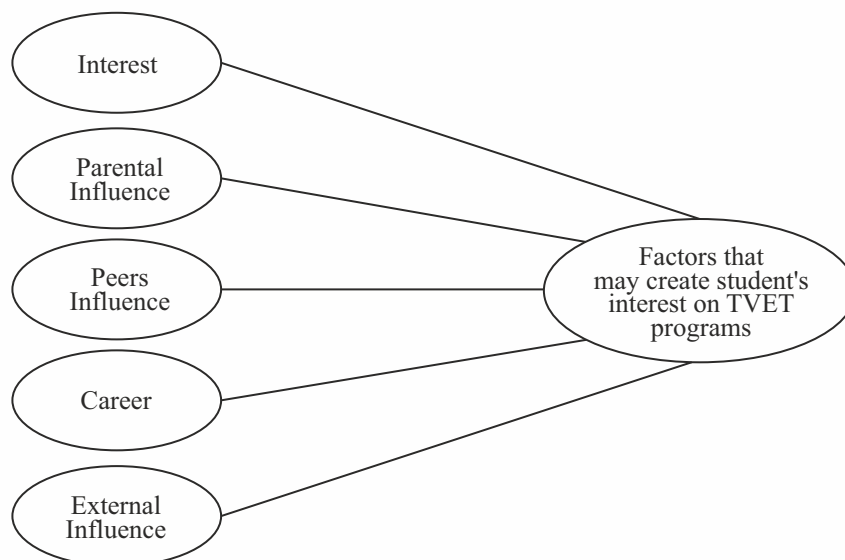
process should also be modified so that it is in line with the needs of organizations and services in Malaysia.

### FACTOR OF INTEREST

Factor of interest in study plays a major role for a student. A United Daily News report dated 29 June 2011 mentioned some perplexing issues about vocational college students in Taiwan. These issues revolved around a lack of enthusiasm about knowledge, disappointing behaviour in class (e.g. sleeping, becoming distracted, chit-chatting, passing notes and eating) and a pathetic lack of common sense that keeps them up all night doing everything from browsing the Internet to checking out Facebook messages, and a general disinclination to study. Li proposed two hypotheses about the important role of the interest in learning process. In a classroom setting, interest is required to meet students' intellectual as well as emotional needs; interest can never be imposed on an individual by external forces, but a teacher can help increase the learners' interest (Li, 1981). Interest is basically the acceptance of a relationship between the people with something around them. The stronger or closer the connection, the more passionate it will be. Ana Laila Soufia & Zuchdi (2004) explained that the interest is the driving force that causes a person to pay more attention to other people, an activity or an object. Djali (2008) stated that interest is essentially the admittance of a connection between people and things around them.

### THEORETICAL FRAMEWORK

As such, we put this into the theoretical framework that encompass the whole study as below:



### METHODOLOGY

This research was conducted based on the set of questionnaires distributed among randomly selected respondents in various age groups mainly through electronic/manual survey forms. The questions were

categorized into several factors derived from previous studies. The number of respondents were 100. The method used to collect data was systematic sampling technique as the main target for audience were youngsters in the age group of 16 to 22 and the other part of



populations were people who had already completed their education, either they are employed, or doing their own businesses. This study was aimed to understand the public perception at all level with more focus on exposure of TVET Education to public.

Questionnaire used for the purpose collects demographic information about the respondent including age, education background and geographical location, the interest factor in selection, opinion on parental influence to the selection, opinion on peer influence to the selection, opinion on career as a base of selection and opinion on external influence from media and lifestyle.

Direct analysis will be done based on the feedback collected from this survey, first to see the significance of the factors towards the aim of this study, and secondly to look into potential actions that can be derived from those feedbacks. For instance, if the results from survey show that there is no significance relation between a factor to the goal, then it implies that there is no further action to be done. But if there is a significance trend of agreement, then the factor is needed to be look into to find what are the potential solutions can be proposed, in order to make it more fruitful.

## **FINDINGS AND ANALYSIS**

From the demographic section, in term of age, 56.3% respondents are above 35 years old, 31.3% are within 18 to 24 years old and another 12.5% are within 25 to 34 years old. Looking into academic qualification, 37.5% are Degree holders, 31.3% are Diploma and Certificate holders, 25% are SPM leavers and the remaining 6.2% are Master and PhD holders. In term of locality, half of the community are from urban areas, 25% from rural areas, 18.8% are from cities while the remaining are from town area.

Most of the respondents, 75% know about TVET program through the mass media or internet, 12.5% from their teachers and the remaining know from their parents and peers.

On the attractions towards TVET program, most of the respondent agree that TVET programs are attractive, where 31.3% strongly agree, 31.3% highly agree and another 31.3% agree, while only 6.3% do not really agree. Regarding the content of TVET program, all respondent agree that the contents are interesting. 18.8% were strongly agree, 43.8% highly agree and 37.5% agree. Looking into the TVET activities, 12.5% strongly agree that activities are interesting, 43.8% highly agree and 37.5% agree while 6.3% did not really agree. A deep view into programs, all respondent agree that each program has their own attractiveness where 25% strongly agree, 43.8% highly agree and 31.35 agree.

The third segment seek understanding on the parental

influence towards the selection of education streams by the students. The first item in this segment looks into the direct influence where only 6.3% did not really agree and the rest have tendency to agree with 50% strongly agree on this, followed by 31.3% highly agree and 12.5% agree. The second items look into how the students try to follow the footsteps of their parents where similar to the first item, 6.3% did not really agree while the rest tends to agree, with the highest in chart was 62.5% highly agree followed by 18.8% strongly agree and 12.5% agree. The third item in this segment looks into whether parent can create interest in their child towards certain education stream and the results are almost the same with 6.3% did not really agree while the rest tends to agree, and the highest also at 62.5% that highly agree and 31.3% highly agree. Based on the above results, for this segment, we can say that parents do have a significance influence on their child towards selecting the course of education.

The fourth segment in this survey aims to see if there is any peer influence towards the selection. This first item in this segment looks into the tendency of the students to experience the learning process together with the friends that they already know in their previous leaning steps. And the answers from the respondents shows that all of them agree to the perception, 50 % opined for the highest, followed by 25% each for strongly agree and agree. On the influence of peers only 6.3% did not really agree while the others tend to agree. The highest is 43.8% that highly agree. 31.3% strongly agree and 18.8% agree. These results also shown that peer influence is one of the factor that can create interest to students.

Looking further into another segment where career is concerne the first element is how their ambition shape their selection of education stream. All respondents agree that students tend to select the stream based on what they are going to be in the future. The highest are 62.5% that highly agree followed by 25% strongly agree and 12.5% agree. The second element within this segment is looking into whether students understand what they need to go through in order to reach their career destination. All respondents agree that students understand what they need to do in order to be what they want to be with the highest at 50% that agree while 43.8% highly agree and 6.5% strongly agree. There are slight mixed results for the question that students will avoid the course that have less career opportunity even when they have interest on the course, 12.6% did not agree on this opinion. There are 31.5% that answers both highly and strongly agree while another 25% agree. As a summary for this segment, it can be said that career can be a factor that can create interest among the students.

The last segment is on the external environment effect on course selection. Survey on the influence of economic situation results in 56.3% highly agree and 37.5%

strongly agree while 6.5% not really agree. All respondents agree that advertisement and marketing also play an important role with 68.8% highly agree, 18.8% strongly agree and 12.5% agree. Also on the last element of the lifestyle portrayed in movies and dramas in television do have influence on what education stream may be chosen by the student with 62.5% highly agree, 25% agree and another 12.5% strongly agree. And in overall also, it can be said that external environment may play an important role in influencing students to choose the education stream that they are going into.

Based on the survey conducted, we can prove that the hypothesis derived from the previous research are almost true that all factors have a significance influence to the selection of education stream done by a student. This is shown through a positive feedback from the survey where most of the respondents tend to agree with each of the factors that being listed in this questionnaire.

Looking forward, it is needed for the relevant parties to take this into account each time TVET program needs to be designed.

## **CONCLUSION AND RECOMMENDATION**

### **Selection of education stream based on interest**

Currently, the relevant parties in Malaysia already blend in the non-academic features into the education system. For example, the valuation factor for primary school is no longer rely on academic. There are also co-curriculum and co-academic factor to be evaluated. This gives more knowledge on the students' interests. Hence, TVET course providers should work hand-on-hand with the school at their vicinity, to look into students that are not very keen on academic, but have more interest in building up their skills. This will enlighten the students that there is still an opportunity for them to further their study to a higher level.

### **Parental influence towards selection of program**

Course provider should spend more time to approach the parents through events such as open day, or having more engagement with the parents through a specific seminar through a co-operation with schools. This will be an opportunity for the parents to know more about TVET programs for them to plan something for their children.

### **Peer influence towards selection of program**

Course provider should consider to have more schemes like student-get-student incentives where current students have their role in getting their peers to look into opportunities in TVET programs being offered. These students will start to talk about TVET programs with their peers and in return, the course provider may offer something as a token of appreciation for them.

### **Career influence towards selection of program**

Course provider should have more relationship with industry as there are a lot of opportunities for the students with the TVET qualification in the industry. A proper engagement program with certain industrial players have potential to create a good relationship with them, and will produce more opportunities such as industrial training schemes, placement schemes and also skill improvement for industry that will be more presentable to the potential students.

### **External influence towards course selection**

The special unit for technical and vocational educations and training within the Ministry of Education Malaysia should work with the relevant authorities to provide more insights of the economic situations in Malaysia and to look into opportunities in current economic situation to put in as a base of their framework in course design. For example, if current economic situation sees more growth in certain industry, this should be a good input for the course designers to design specific courses in relation to these needs. And course designer also needs to avoid from designing a course that have lower demand from the industry.

There is also a good point if there are individuals or group of researchers that can conduct another study that will deeply look into each factor for searching answers on detail elements which contribute to the relevance of the factors, and how they can be related to the issue. And further to that, there should be more detail proposals on how to act according to the factors. This will further help in getting the right ingredients in order to have successful introduction of TVET programs to the students.

As being briefed earlier, TVET programs was not being successfully introduced to the public. According to a report in media, only 13% of upper secondary school students keen to take TVET programs and further to this, at higher education level only 9% of total students selected TVET program as their mean of study. As such, there are a requirement to look into this education stream and dig out the reason why it does not become a success.

This study, done through assessing public views that was based on selected factors derived from previous studies, discover few elements in factors that contribute to this situation. Based on this, considered as public perception towards the TVET program, this study also proposed several suggestions that have potential to improve the situation and make the program looks more attractive to the eye of the potential students.

Based on this study, the hypothesis of influence from interest, parents, peers, career and external proves that all of them have a significant relation to the theory that it can create more interest to the students to choose TVET programs as their mean of education.

It is important for the relevant authorities involved in technical and vocational education and trainings in the Ministry of Education to look into this and take appropriate action in order to improve this. This study also suggest that more research needs to be done to each of the factors in order to find a proper solution, in details and once all factors being studied and relevant action being taken, the improvement in students' participations can be seen.

Further studies are needed in order to explore more on each factors that have influences on the selection of training and education programs so that it can be more understood. And based on this also, actions to improvise the situation can be generated and also implemented.

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# *Eco-friendly Women Entrepreneurship in Rural Areas: A Paradigm Shift for Societal Uplift*

**Key words:** *Eco-friendly Entrepreneurship, Rural Development, Women Entrepreneurs, Sustainability, Agrarian Sector, Farmers*

Afaq Ahmad\*

## **ABSTRACT**

Today, the discourse of entrepreneurship seems to have changed with the inception of eco-friendly women entrepreneurship in rural areas which proved as a panacea for societal development. In a patriarchal society, a man still remains doubtful about women's ability to be a good entrepreneur in spite of the fact that women appear to be more psychologically flexible and have a diplomatic administrative way of working. Village women are often equipped with artisan skills, albeit they struggle to become economically self-reliant. Multitasking is another virtue of women as they can execute various tasks at the same time; thus, women seem to be more productive than men. This paper is intended to provide an understanding of the paradigm shift in rural areas of the country in terms of theoretical amalgamation of the conventionally accepted capitalist, corporate or business-oriented entrepreneurship and eco-friendly women entrepreneurship where women entrepreneurs leave

indelible marks for societal development in agrarian sectors and so forth. Entrepreneurship is a key element through which rural economic development can be achieved. The paper tries to reveal the impact of eco-friendly women entrepreneurship on rural areas for the alleviation of penury of the villagers, especially in agriculture sectors and domestic affairs, with the attempt to address the issues related to farmers, workers, daily wagers, etc.

## **INTRODUCTION**

Entrepreneur is an inordinately appreciated word in the developed countries. It arouses the meaning of active, spirited, and steadfast men and women consummating broad and comprehensive tasks. Entrepreneur means any individual or group who start a business, company or firm. Entrepreneurship has been familiarised in the country during 1980s as soon as management commenced to be treated with professionalism throughout the year 1970s.

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Entrepreneurs discharge a prominent role in financial development of the country. They have been considered as liaison officers and reconnoitre required to 'muster capital, to explore natural resources, to manoeuvre market-driven merchandising' and so forth.

The entrepreneurial input spells the contrast between affluence and penury, development and degradation among countries. Entrepreneurs are predominantly try to promote new methods of production and utilize new sources of information/statistics for the benefit and betterment of an enterprise. Entrepreneurs not only try to gain profits to a specific business or enterprise but also develop creative temperament. Thus, reorganization or rearrangement is a key attribute of an entrepreneur. An entrepreneur may gain perfection when he/she fully enjoys profitable opportunities and successfully exploits them. A good entrepreneur also introduces innovative ideas to the needs and expectations of the society so that individuals can achieve higher goals and conquer achievements which ultimately transforms the economic thinking of the society. In a nutshell, entrepreneurship is neither a profession nor a lasting occupation and it is not likely to formulate a social class viz. capitalists, financiers, investors, wage earner, etc.

Entrepreneurship is an essential input to industrial progress as entrepreneurial skills and productivity appears to be fruitful for the development of an enterprise. Entrepreneurs are those who pioneer, collocate, systemize, supervise, and administer the affairs of a business or enterprise and who restrict the components of production with supply of goods and services. Entrepreneurship incorporates taking risks and synchronizing the factors of production towards profitability in an undetermined territory and environment. In fact, entrepreneurs and their entrepreneurial assets distinguish the success or failure of an enterprise.

The development of virtuous and equitable entrepreneurship is one of the most crying and serious problems encountered in a developing country like India. The scarcity of good and talented entrepreneurs obstructs economic development of the country. The government needs to initiate programmes which can impart all sorts of technical, managerial, and other related training to potential entrepreneurs so that they can discharge their duties confidently, competently and manage the units scientifically.

Women entrepreneurs need equal importance to engage in prospective entrepreneurship. Women entrepreneurs have been controlling and managing multiple enterprises these days. They have successfully surpassed the hurdles and obstacles to proceed for achieving sustainable development goals through women entrepreneurship and are reconnoitring new ventures for profit-making.

In a nutshell, those women who take initiative to create, manufacture, develop or adopt a business activity may deem fit to be called women entrepreneurs.

Women entrepreneur enterprise can be defined as an enterprise owned and controlled by a woman having a minimum financial interest of 51 percent of the capital and at least 51 percent of the employment generated in the enterprise go to women. "Women entrepreneurship" means a manoeuvre of business proprietorship and business inception that empowers women and financially expands their productivity or remuneration as well as position in society. Women entrepreneurs have been making a significant influence in almost all the segments of the economy in the country.

With the arrival of liberalization, globalization, privatization pioneered by the government of India since mid-1991, the economy of the country is witnessing a meaningful and epoch-making metamorphosis. Women entrepreneurship has procured impetus in the last three decades with the inflation in number of women enterprises and their contribution to economic growth of the country. Now, women entrepreneurs are playing a prominent role for the economic development and societal advancement of the country.

APJ Abdul Kalam once said that "Empowering women is a prerequisite for creating a good nation, when women are empowered, society with stability is assured. Empowerment of women is essential as their thoughts and their value systems lead to development of good family, good society and ultimately good nation." Emergence of women entrepreneurs largely depends on changing social, psychological, economic, cultural dimensions which ultimately supplicate a positive effect in the financial growth of a developing country like India. Tackling and problem-solving gestures, willingness to take risks, ability to motivate people, and knowing how to win and lose gracefully are the key features of a good women entrepreneurs. Those educated women who have these qualities cannot limit their lives in four walls of the house have become important players in their entrepreneurial landscape which shows that women are no longer adhering to the stereotype that only men can be the bread winners and wage earners in the family. Even house wives of the villages are touching success through their own businesses despite prevalent male chauvinism in country's villages (Gurnani, 2011).

The suitable use of information and communication technology (ICT) can shepherd to enhance knowledge and efficiency imperative for long-term economic empowerment and sustainable development. Gender discrimination should be avoided in policies and programmes dealing with rural development. Traditionally, agriculture activities in the country stiffly depended on family labours and women played a key role



in farming and improving the quality of life in rural areas. Women continue to contribute greatly to household income through farm and non-farm activities as well as through work as landless agricultural labourers. In addition, rural-to-urban drift is leaving behind less privilege groups, particularly the women in communities, resulting in the “feminization of farming. Therefore, to adapt with the competitiveness in the global economy, farmers, especially women, need to embrace new methods like invariability, and non-farm production and ameliorate marketing mechanisms.

In many studies from literature, clearly note the contribution of small-scale green or organic farming in terms of alleviating poverty. In addition to generating income, organic farming had the possibility to preserve resources, variegate their crops, enable food security and purify environmental conditions. Cooperative establishments can help expedite the process of development and participation of women in their organizational and business activities. Moreover, existing literature on women entrepreneurship reveals that women’s commitment and participation in cooperative organizations and other local government bodies not only provide them an opportunity to persuade and communicate their problems but also help them to be a dynamic partner in the decision-making process. It has also come to notice that women through cooperatives (e.g. cooperative banks, consumer stores, fruit and vegetable vendors) have done exceedingly well and provided a whole range of services to their members. Rural women cooperatives are, in most cases, working in isolation within a market that is confined to their local area. Their limitation in promoting sales of products has often been exploited by middlemen. E-business applications have great potential for such enterprises to sell their products to local as well as global market (Sanyang and Huang, 2008).

## OBJECTIVES OF THE STUDY

- To study the role of women entrepreneurs for rural development
- To examine the economic empowerment of rural women through building capacity to entrepreneurship skills in order to enable them to produce and market their green products across the country
- To inspect prevailing challenges and opportunities of the eco-friendly women entrepreneurship in rural areas
- To identify the eco-friendly enterprises led by women entrepreneurship for societal uplift of the country
- To make an evaluation of the impact of women entrepreneurship in economic empowerment of the country

## RESEARCH METHODOLOGY

The focal point of the study is primarily based upon women entrepreneurship in rural areas and to conduct the study, the secondary data assembled from different books, journals, census surveys, newspapers, and publications from multiple websites. The researcher also examined a couple of comprehensive studies concentrating on women’s role in entrepreneurship and pioneering the development of green products market through the creation of cooperative enterprises. This paper is based on the qualitative study of the available literature of all relevant materials including research studies, articles, case studies, surveys, and reports published by the newspapers, journals, international organizations and academia related to gender, women’s entrepreneurship, cooperatives, and organic agriculture.

Further, SWOT Analysis technique (Singh, 2014) was also adopted to identify the strengths, weaknesses, opportunities, and threats pertaining to business competition and performance of women entrepreneurs in the rural development of the country.

**Strengths:** Women entrepreneur can be categorized as a self-confident, self-reliant, optimistic, assertive, experimental, poised and creative women competent of achieving self-economic sovereignty independently or in collaboration, generate employment opportunities for others through beginning, establishing, and running the enterprise by keeping pace with her personal, family, and social life. Women prefer to work from their own residence and complications in gaining befitting and lucrative jobs and aspirations for social identification encourage them to embrace self-employment.

**Weaknesses:** Absence of proper support, cooperation, and back-up for women by their own family members and the outside world people force them to drop the idea of excelling in the enterprise field. Women’s family commitment also prohibits them from becoming successful entrepreneurs in both developed and developing nations. The greatest disincentive and discouragement to women entrepreneurs is that they are women.

**Opportunities:** Having value-loaded inputs inside them, women instil entrepreneurial values in their fellow companions and essentially involve in business merchandising. Business opportunities that are redundant to be exploited for women entrepreneurs are eco-friendly technology, bio-technology, IT enabled enterprises, event management, tourist industry, telecommunication, plastic materials, mineral water, herbal and health care, food, fruits and vegetables processing. Women entrepreneurs avail new opportunities in the rural areas, for example, ice cream, papads and pickles and readymade garments.

**Threats:** Disquietude of growth and lack of access to technology fills threat in the minds of women entrepreneurs to trample the field of enterprise. Lack of self-confidence, will power, strong mental attitude and optimistic behaviour amongst women creates a fear from committing mistakes while doing their piece of work. Gender discrimination and non-cooperation of male colleagues also instil fear in women to initiate such tasks. Moreover, Insecure and poor infrastructure and dealing with male labourers is also one of the impediments women possess while working in these grey areas. Lastly, Indian women give emphasis to family ties and relationships rather than working and collaborating with their male counterparts in the outside world.

### **ECO-FRIENDLY WOMEN ENTREPRENEURSHIP IN RURAL AREAS: A PARADIGM SHIFT FOR SOCIETAL UPLIFT**

**Eco-friendly women entrepreneurship for rural development of the country:** Women's agricultural cooperatives have played a prominent role in rural development in mobilizing limited resources for women farmers and regisseurs. The traditional cooperatives primarily hold governing structures not conducive to free and fair participation of women as they are predominantly governed by male-dominated structure. For rural development, it is important to promote women's participation in cooperative eco-friendly entrepreneurship. In agricultural activities, a prospective alternative is available offering guarantees for rural women to form their own cooperatives. While efforts are on to improve women's status within existing cooperative institutions, the establishment of women-led or women member cooperatives constitutes strong potential for sustainability promoting women's entrepreneurship in the agrarian sector. Cooperatives also offers the opportunity for women to exercise decision making power. Cooperative enterprises can take on different forms. They can be set up by a group of enterprises or by individual entrepreneurs wishing to benefit shared services, cheaper goods, easier access to market or higher prices for their products.

Cooperatives empower small women farmers to take collective action to minimise input costs and marketing risks. Through cooperatives, the farmers can do collective bargaining or purchasing to get the best deals on seeds, supplies, and equipment and gain economic stability. For example, small women farmers who cannot afford to buy heavy equipment on their own can be benefitted with cooperatives. Through cooperative, they can purchase the equipment jointly and/or lease them from the cooperative.

**Economic Empowerment of Rural Women through Developing Eco-Friendly Entrepreneurship:** The promotion of women's entrepreneurship in green or

organic cooperatives is a proportionately new abstraction and still developing in practices, if mingling with marketing and skill development training, it has potential for fostering women's entrepreneurship, women's income generation and women's empowerment as well as assisting them to assuage chilling penury in rural areas. There are convincing opportunities that exist for women's entrepreneurship in the green or organic food industry. Organic food sales are increasing considerably in developed countries. As organic farming still comprises only a minor part of global farming, there are shortages in developed countries with the rapid increase of consumers' demand. Farmers in developing countries are additionally well positioned to reap the benefits of growing demand for organic products since farms in developed countries are inclined to use more chemicals than those in poorer countries. Entrepreneurship in organic farming and the foods markets offers strong potentiality for women entrepreneurs. The exorbitant initial capital investment required for conventional farming makes it difficult for women to enter this area as entrepreneurs. Moreover, with the advancement of cooperatives to grow, produce and/or market green or organic products, women entrepreneurs can become better equipped to enter the market for green products and gain access to vital resources required for business. Women's prevalence in agriculture field has led to make development strategies for the poverty eradication in rural areas. The promotion of women's entrepreneurship through the formation of women's cooperatives in the niche area of green products can be of utmost importance to alleviate rural poverty.

Eco-friendly agriculture is a rapidly growing area and provides vigorous opportunities for the welfare of villagers, farmers, daily wagers, etc. This, merged with the inviolable and powerful entrepreneurial potential of rural women, makes the promotion of women's cooperatives in the agricultural sector reassuring for contributing both to the economic prosperity of rural areas and to advancement of women and women's empowerment.

**Challenges and Opportunities of the Eco-Friendly Women Entrepreneurship in Rural Areas:** Encouraging micro and small-scale industries in rural areas viz. khadi and cottage industries, are growingly witness as a means of generating sustainable employment opportunities, particularly for those at the edge of the economy such as women, the poor, and people with disabilities. Micro, small, and medium sized enterprises have been recognized as a pivotal way to promote women's economic empowerment while battling poverty and gender injustice. They have been identified as a propeller of progress by many governments and their promotion has been adopted as development strategy by many institutional and regional

players to create new jobs for developing countries and to drive innovation and economic dynamism. SMB (small and medium-sized businesses) offer strong benefits for alleviating poverty in rural areas and for rural development. Eco-friendly women entrepreneurship contributes to the economic empowerment of poor people living in rural areas. By consolidating secluded and dispersed manoeuvres, marginalized farmers can be helped to acquire opportunities for entrepreneurship and to strengthen capacity for self-help. Cooperative enterprises have significant advantages, especially for rural women, who seldom face gender discrimination which ultimately curtail their access to entrepreneurial resources. Women's micro and small subsistence businesses play a crucial role in rural economy and in ensuring poor households' survival. In the agricultural sector, women farmers hardly have access to agricultural resources and services for production due to gender constraints. The double burdens of farming and family responsibilities and the lack of social services and government programmes to support women, women entrepreneurs seem to have go unnoticed. Therefore, women entrepreneurs need excessive support from cooperatives, male-dominated society and government to strengthen eco-friendly entrepreneurship in rural areas of the country. This encompasses measures to facilitate the creation of women's enterprises, such as training programmes to hone the skills of women with essential entrepreneurship capabilities, monitoring programmes to give women peer support. The establishment of business incubators is another important mechanism of helping to shield and safeguard the subsistence of women's business. It is essential that there should be gender awareness in designing and supplying support measures focused at female entrepreneurs.

#### **Eco-Friendly Enterprises Led by Women Entrepreneurs for Economic Empowerment and Societal Uplift of the Country:**

The most significant contribution of women in rural development lies in the pioneering role of women entrepreneurs between consumers' and producer's cooperatives. Meeting improved and intensified demand for green consumption, this linkage generates amplifying capacity for women-led producers' cooperatives to shepherd women's empowerment in rural areas. At present, however, organic items engross a greater portion, meeting the increased demand for goods that are produced without using pesticides and chemical fertilizer. In addition, the large number of unregistered, unsettled, and unpaid family workers who are women and girls supposedly witness that women's labour contribution to the rural economy is much larger than official records indicate. As a whole, women spend their labour in less lucrative, profitable or unpaid work and much of rural women's work is not included in official statistics. In long run, the

consequential transference of responsibilities from men to women might help to eliminate the gender constraints in women's role in agriculture. Thus, it is women rather men who are more likely to take over the better well-paid work in those rural areas which were left due to male migration.

#### **FINDINGS**

1. Women are more likely to be aware of the potentials for sustainable economic and societal development in the country compared to men.
2. The ownership status (owner) is male-dominated and an entrepreneur's potentiality regarding eco-friendly practices in their business (employees) are mostly covered by women.
3. Women's constraints: Women all over the world face considerable traditional constraints on their role in agriculture as well as from rural feminization poverty in the country. Studies on women's role in agriculture have shown that women are not given equal opportunities for empowerment, despite their immense contribution in eco-friendly rural entrepreneurship, specialised knowledge, and highly-skilled labour in areas of agricultural and rural development. The inequality comes from the conservative formation of gender that severely constraints women's productivity by the fragmentation of their time, their dual and triple responsibilities. Also, despite their stiff labour, their perforation with men is steadily widening. The percentage of rural women among the absolutely poor and destitute has been growing. Women's constraints emerge from the actuality that women are more likely to do unremunerated work, work in low-wage jobs, earn less than men for the same work, gain smaller share of household income and prefer discharging responsibilities for the family's basic needs and requirements.

#### **CONCLUSION**

There is no denying of the fact that India is a developing country and have ambivalent economy, male dominated society and women are assumed to be financially as well as socially dependent on male members. Women entrepreneurs are having basic indigenous knowledge, skill, potential, and resources to establish and manage enterprise, but simultaneously women entrepreneurs face numerous problems like deprivation of education, social obstructions, legal formalities, high cost of production, male dominated society, little managerial capability, lack of self-confidence, harassment or intimidation on work place, and not fulfilment of rules and regulations, etc. Various factors like positive reinforcement and negative augmentation influence women entrepreneurs. Women have the potential and determination to setup, endorse,



sustain, and administer their own enterprise in a very systematic manner. Appropriate support and encouragement from the society, family, government can make these women entrepreneurs a part of mainstream national economy and they can contribute to the economic development, especially in farming sector and rural areas of the country.

The researcher tried to explore the determinant factors affecting women entrepreneurs and their awareness of the potentials for the economic empowerment and societal development of the country. The interconnection between economic development and women entrepreneurship is established through reviewing topical literature. In order to fulfill the objective of the study, emphasis was paid to women entrepreneurs towards rural and sustainability issues in respect to the paradigm shift for societal development, employing qualitative analysis mechanism.

The main aim of the study is to provide insights into the factors that affect women entrepreneurs' behavioural intentions regarding sustainable development, financial progress and societal evolution. Summarizing the findings of the qualitative analysis, it is concluded that women entrepreneur's presence and impact in eco-friendly enterprises have distinctive effects towards sustainable entrepreneurship and acknowledgement of the sustainability options of society. This study also shows the importance of environmental awareness on women entrepreneurs' intentions towards sustainable entrepreneurship and scripting a quiet revolution in terms of socioeconomic reforms and environmental protection. Another important factor that positively affects women entrepreneurs' choice to act eco-friendly is income. Findings suggest that eco-friendly women entrepreneurs value adopting relevant sustainability actions within their business, such as the promotion of environmental management systems, or by supporting similar actions independently and participating in campaigns to bolster business for the benefit of the society like disposable sanitary products for women, fishing ponds, jhum agriculture (Instead of the traditional slash-and-burn method), extraction of oil from castor seeds, dairy industry, organic fertilizers, jute industry, and so forth. The environment-friendly women entrepreneurship seems to have been playing a prominent role to fulfil the requirement of Swachh Bharat, Swastha Bharat, and Samarth Bharat.

Many developing countries in Asia have been confronting problems of rural poverty and environmental degradation caused by the low competitiveness of their agricultural products and exploitation of natural resources. A major developmental agenda of these countries is to increase income from agricultural products for poverty alleviation and economic growth while

ensuring agricultural sustainability. With trade liberalization, consumer demand for high quality, safe and healthy food has been on the upsurge and escalation while the price of standard subsistence crops has been constantly dropping.

Women entrepreneurship in green/organic production provides new opportunities to small farmers in developing countries like India. There are all symptoms that traditional small-scale farming technology is adjacent to the green/organic farming system, that organic systems are more labour intensive and that small women farmers can potentially produce green/organic products at relatively low labour costs which may give these women cooperative entrepreneur a comparative advantage in the production of green products. Moreover, organic system may result in more work opportunities for women throughout the year with its crop diversification practices as well as value adding activities such as processing and marketing. At the same time, many Asian countries possess strong market potential for producing specialty, value-added products that sustain the agro-ecological environment. The green cooperative model of enterprise enables smallholders to make best use of these potentials by supporting the identification of specialty products and its marketing opportunities, providing financial and business-related services, linking farmers to effective marketing channels and creating key networks with partners in the local, governmental, and international agencies. They reach a broader market and strengthen partnerships, green cooperatives entrepreneurship and e-business development. To conclude, to ensure the effectiveness of rural poverty reduction strategies through the promotion of rural entrepreneurship, in particular among cooperative enterprises in the green products business, it is essential to consider gender mainstreaming into the planning process (Kesavan & Swaminathan, 2007).

An eco-friendly women entrepreneur may identify a situational context where she can capitalize the abundance of untapped value in the social and/or natural eco-system without interrupting the symmetry between the ecological and social sub systems. The use of renewable energy sources like solar energy, wind energy, tidal energy or hydraulic potential of waterways is the pertinent examples of maintaining the equilibrium of ecological and social sub systems.

## **SUGGESTIONS**

This paper is not without any limitations. First, this study only focused on intentions for adoptions of sustainable women entrepreneurship practices for rural uplift. Thus, further research is needed on the actual sustainable entrepreneurship and the specific sustainable practices taken by the eco-friendly women entrepreneurs. Moreover, future researchers are recommended to

examine the impact of social norms or peer groupings. The findings are specific in that quantitative data did not take into consideration to distinguish a specific geographic area of India for conducting the role of eco-friendly women entrepreneurs for rural development. Lastly, further research is needed on specific motives,

including economic ones, that can encourage a women entrepreneur in adopting the principals of sustainability in their business strategies. For this purpose, a national sustainable women entrepreneur development framework may be chalked out.

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# *Emerging Products and Demographic Transition: A Case of Pet Foods*

**Key words:** *Marketing, Market Segmentation, Target Market, Positioning, Pet Food Products*

**Ravi Shankar Bhakat\***

## **ABSTRACT**

The transition in demographics and popularity of branded pet food products provide a great scope to leverage upon. These trends can be significant for pet food firms, future entrants and researchers. The presence of pet food product viz. cat food, dog food etc. can be easily seen in both 'click companies' and 'brick and mortar outlets'. Despite relatively small size, pet food market is growing steadily. Lately, the dominance by established firms selling premium products is becoming more conspicuous. India is witnessing a surge in the population of pet owners and associated product's sales especially the popularity of multifarious packaged pet foods. Two main classifications of pet foods are currently more common: dry food and wet food. Traditionally, the first is more suitable for dogs, whereas the later is liked by cats. Pet food market analysis and reports show that, biscuit or

kibble pet food is selling most, while considering the types of pet food purchased. Customers and wannabe pet owners usually feed generic and branded biscuits to their pet and stray animals respectively. Although, traditional food remains favorite, the major deciding factor in consumer decision making in the context of pet food category largely indicate towards price sensitivity of Indian consumers. In the past five years, there is a change in the demographics with higher disposable incomes consumers contributing to the premium luxury pet foods. For e.g. when higher earning individuals or high income families stay in apartments following a nuclear family pattern, it is more likely that they would involve in the purchase of branded pet foods. Moreover, the purchases are recently being made through modern supermarkets on a weekly basis. New brands and firms are focusing on the trends of market to capitalize on the

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demographic dividend aspect in India Market. Furthermore, pet food manufacturers and marketers are also taking special steps while matching consumers or pet owners demand and expectations. They are focusing upon designing kibbles, packaging, ensuring food quality, in order to enhance the acceptability of the new and existing products.

## INTRODUCTION

If one gives a cursory view to the landscape of Indian Pets, it can be found that; dogs are relatively more popular followed by cats, birds and other animals. From a business perspective, it provides a great opportunity to get established as a pet food manufacturers and marketer. Amid the huge competition, pet food manufacturers and marketers would find it challenging and overwhelming in the current pet food consumption scenario with wide mix of products at the disposal of customers. Consistent with a layman's perception, the dog food segment is dominant and contributes to a major chunk of the overall pet food turnover. Gradually and obviously, other pet food categories viz. cat, birds and fish are bound to follow the trend.

Slowly, petowners are shifting their expectations regarding the quality of for pet foods. They have started humanizing the pets so that they desire to have those pet food options which will address the issue of health. Similar to the factors influencing human food production and consumption related to unnatural and artificial preservatives pet foods are also bearing the tags of 'being natural'. The genetically modified ingredients are also causing serious concerns among the buyers and pet caring individuals. Pets have been an inseparable part of human civilization since the dawn of civilization. Cats and dogs are quite common for their association with humans and often buried together as a symbol of togetherness. Ancient civilizations viz. Romans also popularized the concept of pet dogs centuries ago.

## MARKET OVERVIEW

According to a report by GFK (2016), majority of the population across the globe owns a pet. As per the report it is stated that dogs are considered as best friends of human. Around 66 per cent of votes have been given to dogs from pet owning households while comparing to cats with mere 23 per cent votes.

The presence of pet food products, mostly dog food is seen in both small and large retail stores. Recently, dozens of online retailers and sellers are providing aggregator services. Many players viz. Petzy, Petsworld, Dogspot have emerged in the vertical e-commerce format. In addition, Horizontal E-Commerce players such as Amazon and Flipkart are also selling the pet care products through their portals in addition to their universal range of products. The vertical e-commerce

players are focused on few selected categories of products e.g. dog food, fish food etc.

While over viewing the 'Pet Food' sector, it would be hard to ignore the market leader and giant viz. Mars International. It is undoubtedly the leading marketer and supplier of pet food products in India with more than half of the market share. Multiple brands are owned by this company e.g. Pedigree, Whiskas and Royal Canine. Other players who are significantly improving their market share are: Indian Broiler, Provimi Animal Nutrition India, PetSetGo, Bharat International Pet Foods, and Cargill etc. Despite of small size, the market is growing and dominated by firms selling premium products and packaged pet foods.

Global pet food industry is estimated around \$75.25 billion (Phillips-Donaldson, 2017; Statista, 2017; Zion Market Research, 2017). The pet food industry is can be further divided into three key segments: dog food, cat food, and small pet food. Dog food segment is hailed as the most profitable market of the three and contributes to 60% of the \$75.25 billion turnover as per 2016 reports (Mintel Group Ltd, 2016; Statista, 2017; Zion Market Research, 2017). Cat food segment is another major contributor to the overall turnover, accounting to 35% of the market's chunk.

While considering the dog and cat food market segment, three categories are distinct: dry food, wet food, and treats. The dry food category has huge demand among the both market segment. The plausible reason behind this could be that, dry food is associated with convenience, less cost, and easier storage than wet food. These factors are often valued by consumers while making their purchases (Dog Food Advisor, 2011; Vetifo, 2014). In addition to dog and cat food segment, small pet food segment majorly consists of dry food for birds, small mammals, and reptiles.

Global industry is very competitive and driven by emerging demographics of pet owners. Two main global giants Mars and Nestle constitute almost half of the market share. Fifty largest pet food firms together contribute to all sales (Coriolis, 2014).

Affected by the competitive market players, emerging markets, and marginal differentiation, pet food industry's internal rivalry is quite aggressive. Furthermore, due to low investment cost, less barriers for entrance, and easy policies the threat of new entrants is relatively high. Down the time line the market will see huge competition followed by consolidation. Considering, the bargaining power of suppliers, it can be said that there are numbers of suppliers which makes the bargaining power mild. Secondly, the pet food processing does not depend upon specialized components. The dog food manufacturing has regular availability of supplying ingredients. The cost

of ingredients is also relatively low. Even though, home preparation of pet food can be termed as a feasible substitute; yet many pet owners depend upon readymade and packaged foods for their pets. These are usually bought from stores for convenience, easy storage, and nutritional value (Cellania, 2013; Elenbaas, 2015; Phillips et al., 2014). Bargaining power of the pet food buyers can be termed as medium due to inelastic demand pattern. Additionally, the switching cost is low and volume of products purchased is high.

Some interesting trends from the human food market esp. baby food market are also common with pet food market viz. pro-environment, organic, sustainability, glutenfree supplements, and wellness concept. Consumers are also displaying similar patterns of care and humanized approach while buying for baby food and pet food brands. The nutrition levels of the pet food brands are not fluctuating much, since pet owners are loyal to the dog food brands. It is motivated by humanization aspect of consumer behavior and surge in the demand for premium pet food brands. Marketing pet food products can take a cue from baby food and nutrition products marketing (Tesfom and Birch, 2010).

Humanizing with pets is slowly crating a transition in the industry. Pet owners are ready to spend on premium pet food brands. Food products for pets are being labeled as premium foods and many consumers are willing to afford and willing to pay some more for (Boya, et. al, 2015).

The rise of both pet food sales and pet ownership indicates towards increase in involvement of pet owners with their pets. The marketers are appealing emotionally through innovative packaging, product placement in pet food aisles thereby increasing shelf space (Bohrer, 2011).

Pet owners are slowly avoiding the wetfood and showing their inclination towards premium dry food. Raw pet food is also being marketed by the companies as the usual diet that could increase the level of animal wellness (Knudson, 2003).

Cost effective animals and plant products are often used for manufacturing raw materials due to economic and accessibility factors. There is a gain in the overall popularity of raw pet food materials in the wake of apprehension associated with manufacturing process of pet food. In addition, pet food also emphasizes upon the personal bonding of pet owners and their pets (Freeman, Chandler, Hamper, & Weeth, 2013).

At present, the consumer awareness regarding the safety and health oriented diet for pet is low, but fear related to contaminations and adulterations make the consumers more cautious while selecting pet food (Finley et al. 2006). Food safety standards can positively affect the life span of pets, and riding upon this phenomenon can induce

higher turnover for the manufacturers and marketers. Therefore, safety standards are of utmost importance during the production of pet food. It eventually ensures superior product quality, enhances brand image and pushes profits (Zicker, 2008).

Raw pet food can increase the risks of getting spoilt, if proper standards of food safety are not acted upon (Freeman et al., 2013). Slowly, the focus by research and development in pet food is encompassing nutritional components and value (Pet Food Manufacturing, 2013). Leading firms involved in the production of pet food rely upon low cost-high margin and high volume business model (Bachman, 2014; Brennan, 2014; Parthasarathy, 2010).

Yet, the scope for premium pet food segment is very promising considering the growth trend of 170 per cent for the previous years. Premium pet food contributes to almost 60 per cent of dog food market (Ferdman, 2014). Taking a cue, major firms have started introducing premium food products and enhancing the product mix of the existing offering (Armstrong, 2014).

Mars International is the first mover pioneer and launched their brand Pedigree in India in early 2000. As per the statistics from the company based on 2016 data it controls more than half of the market share (around 55 per cent). Indian Broiler, which is present in the market under the brand called Drools, is occupying the second place with around 13 per cent market share.

Based on the latest development in the industry, Swiss Giant Nestle which is world's leading food company is also exploring the pet food market in India. The company has configured its approach through 'Purina Pet Care'-pet food arm. Purina is Nestlé's unique move to leverage upon the booming pet population and owners.

Surprisingly, this is the first time when Nestle initiated to launch a separate firm to conduct business in pet care vertical during its presence of over 100-years. Mars International manufactures Dry food in India under the name of Pedigree. The wet food often in the form of Tinned products is imported from overseas manufacturing units of Mars International.

India is witnessing a surge in the population of pet owners and associated product's sales. India's pet ownership statistic is at 19 million as of 2018 and expected to increase geometrically in the upcoming five years according to Euro monitor International. More urban households are inclined towards affording professional pet care. According to Nestlé's estimates, the pet population in 2018 is approximately 20 million in India, which has increased from 7 million in 2006 as per IIPTF (India International Pet Trade Fair) web reports.

Pet care product category is growing steadily with 12 per



cent as per the research house Euromonitor. According to the experts, the total revenue related with pet care products can touch \$300 million (between Rs 2200 crore to Rs 2500 crore). Being Asia's third-largest lucrative market, India is sought after by multinationals. The current market in India is pegged somewhere between Rs1, 500 crore to Rs1, 800 crore, the pet food market is at nascent stage. The global pet food market size is supposed to touch 98.81 billion dollars by 2022, as per Grand View Research studies.

Dry pet food is emerging as the most popular category preferred by consumers in the recent years. The dry pet food is further classified into three sub-categories: economy, mid priced segment and premium. The premium dry pet food market is also bound to grow due to change in demographics. The natural as well as grain-free products are becoming most prominent and displaying significant growth (Statista, 2017; Wall, 2017). The growth of natural products can be attributed to the increased demand of specialized grain products viz. ancient grains (Aldrich, 2017).

Development of successful pet food products is dependent upon variety offactors. Similar to human, pet foods must incorporate nutritional and visual appeal of a popular product. Sensory input and cues can assist pet owner behavior in effectively selecting pet food. This can be also leveraged upon by the packaging firms. Usage of sensory selection process of pet foods can include the elements of logo, value, mandatory disclosures viz. nutrition for pets as buyer's preferences. The way pet owners purchase food for themselves and their pets has a common consumer behavior approach. Humanistic approach is used to arrive at the shopping decisions at the time of purchasing. Pet food manufacturers can attempt to develop new products to fulfill the consumer's requirements from their own food purchase perspective. Buyers or pet owner's perception of the product can be a deciding factor while involving in the purchase decision. Pet food is usually bought on the basis of sensory perception of sight and smell. Aroma and appearance of pet food products analysis shows that appearance is given more emphasis over aroma in consumer buying behavior.

The dry food design in terms of wide range of colors, designs etc. is becoming prevalent. There is an attempt by the companies to attract the customers by developing products with unique and innovative appeal. It further enables them to keep their products stand out in competition.

## DEMOGRAPHICS & PSYCHOGRAPHICS

The transition in the demographics of pet owners is very crucial for the marketers. The different wants, needs and demands than the previous pet-related product and service purchases are to be seriously analyzed.

Technology is also transforming the status of the pet food industry. Over time, pet product and services, online purchasing will gradually gain momentum in future. Those brand marketers and manufacturers who are not yet decided upon positioning in e-market could face serious ramifications. Those firms who are willing to strengthen their position must try to satisfy the latent needs of new demographic purchaser and their digital behaviors.

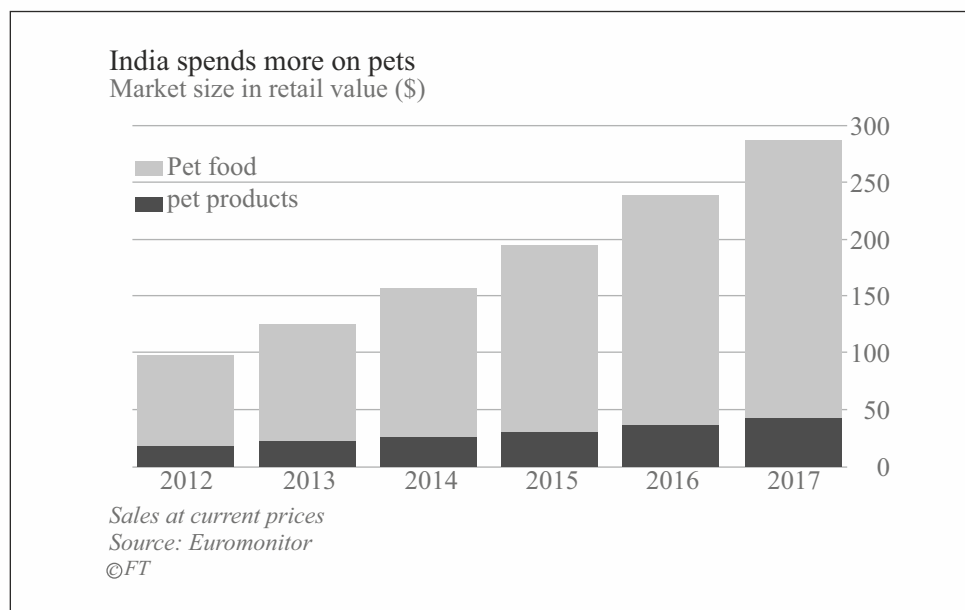
The efforts of brick and mortar stores will try to develop niches and create highest quality of customer experience. Accessibility of healthy standardized products and services of superior quality will appeal the new-gen customers in satisfying needs. Customer demand and their specific wants for their pets will demand to integrate the value chain.

Dry food and wet food are at the top of mind of the consumers. The first is more suitable for dogs, whereas the later is preferred for cats. Traditionally, biscuits remain the favorite among the dog lovers. Yet, the major factor in consumer decision making in this category boils down to price sensitivity of Indian Consumers. Moreover, separate research works find that majority of pet caring individuals opt for purchasing dry pet food. Based on the geographical segments of India we can also find some patterns in terms of pet ownership and behavior.

The surge in the pet population and pet owner population is derived from two major factors: Increase in incomes and transition of lifestyles of families(esp. nuclear). IIPTF also says that, the inflating disposable incomes play the significant role in boosting the pet care market. In addition, increase in number of couples who choose to have postponed parenthood, single child or no children at all, are also adopting pets and adopting modern pet care products and services. Most pet owners have started considering their pets on par with their own family members. Therefore, they have started showing concern about the nutrition choices for the pet member of their family. Innovations in food packaging are also emulating the trends of human food. The trends viz. organic, fresh, preservative free, additive free, free of grains etc. are causing a marketing revolution. (Bohrer, 2011).

Ferdman (2014) stated that innovative labels on premium pet food rides on the wave of the 'pet parenting'. It is becoming a well established trend that, different pets are being treated as a close associate including even family member. Pet food packaging is following the human food packaging and labeling trends. This transition has resulted in transformation from being a pet owner to a pet parent. As per the studies across London, majority of pet food buyers also assess the origin of pet food from the packaging while shopping (Creasey, 2014).

**Figure 1 - India's Pet Market Trends**



Along with the traditional products, gluten-free, vegan, organic, fresh, clean, natural pet foods are emerging trends and slowly gaining popularity in Indian consumers. The pet owners and their concern for their pets well being is frequently being considered during consumer decision process.

According to arecent research report, pet owners are showing interest toward products, which provide humanlike care for pets. The report also states that with the increase in pet ownership, Asia's pet industry is expected to grow at 14.3 per cent annually from 2016 to 2021.

## LEVERAGING THE TRANSITION

Considering the challenges and opportunities in the pet food market, it is imperative for the firm to leverage upon the emerging trends and waves of the target market i.e. India. New brands entrants are also focusing on the market expecting to capitalize on the related demographic aspects in various parts of India. Considering the scope and market potential, marketers and manufacturers should be adjusting their focus in mining deep insights and pertinent trends backing up for their business decisions. Proper strategies will be required by pet related product and service providers to cater to the needs of the new generational customers.

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# *Ayushman Bharat: Challenges and Way Forward*

**Key words:** *Ayushman Bharat. Health, Universal Health Coverage, Healthcare, Challenges, India*

**Pradeep Kumar Panda\***

## **ABSTRACT**

‘Ayushman Bharat’ programme is India’s most definitive step so far towards promotive, preventive, curative, palliative and rehabilitative aspects of Universal Health Coverage. Adopting continuum of care approach, Ayushman Bharat is being implemented through two interrelated components, viz., Health and Wellness Centres to provide primary care and PMJAY for providing financial protection for accessing hospitalization care at the secondary and tertiary levels. PMJAY is world’s largest Government funded health protection scheme covering about 50 crore beneficiaries. Nowhere in the world this kind of work has been implemented on such a large scale. Consolidation and stabilizing the implementation of scheme is an enormous task. The AB-PMJAY is being currently implemented across 32 States/ UTs. A well-defined Complaint and Public Grievance Redressal Mechanism, has been put in

place through which complaints/ grievances are registered, acknowledged, escalated for relevant action, resolved and monitored. PMJAY has created a robust IT system for implementation of the scheme. Monitoring and Evaluation is key for successful implementation and ensuring the intended results of such a large scheme like AB-PMJAY. At the Central level, these UHC dimensions (coverage, benefits and financial protection) are being continuously kept on track on periodic basis through the following functional domains: Beneficiary management, Transaction management, Provider management and Support function management (comprising functions such as capacity development, grievances, frauds and abuse, call centre, etc.). A strong real-time online MIS is set up at the national level to review Key Performance Indicators and achievement of results with respect to the targets defined under the domains. For a program of scale, magnitude and complexity as that of PMJAY, it is critical

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to put in a place strong anti-fraud mechanism not only from financial perspective but also to safeguard people's health from unethical and malpractices. National Health Authority is cognizant of the issue and has taken number of steps to safeguard the program from the inception.

## **INTRODUCTION**

'Ayushman Bharat' programme is India's most definitive step so far towards promotive, preventive, curative, palliative and rehabilitative aspects of Universal Health Coverage. Adopting continuum of care approach, Ayushman Bharat is being implemented through two interrelated components, viz., Health and Wellness Centers (HWCs) to provide primary care and Pradhan Mantri Jan Arogya Yojana for providing financial protection for accessing hospitalization care at the secondary and tertiary levels. Hence, Ayushman Bharat involves-

- i. Setting up 1.5 lakh Health and Wellness Centres (HWCs) to provide comprehensive health care including for non-communicable diseases and maternal and child health services.
- ii. Providing health coverage upto Rs. 5 lakh per family per year for secondary and tertiary care hospitalisation to around 10.74 crore poor and vulnerable families (approx. 50 crore individuals) under Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (AB-PMJAY).

While preventive and promotive healthcare under AB-HWCs is universally available to all, AB-PMJAY is an entitlement-based scheme, which covers deprived families in rural areas and families of workers of identified occupational categories in urban areas, as per the Socio-Economic Caste Census (SECC) -2011 data. Further, all such beneficiary families under erstwhile Rashtriya Swasthya Bima Yojana that do not figure in the targeted groups as per SECC data are also covered under PMJAY.

Under AB-PMJAY, which was launched on 23.09.2018., the entitled beneficiary families get an annual defined benefit cover of Rs. 5 lakhs per family on a family floater basis. This cover is able to take care of almost all secondary care and most of tertiary care procedures. There is no restriction on family size, ensuring all members of designated families specifically girl child and senior citizens get coverage.

Government and the funding is shared between Centre and State governments. The ratio of contribution towards premium between Centre and States is 60:40 in all States except North Eastern States & the 3 Himalayan States where the ratio is 90:10 with an upper limit for Centre. In the case of Union Territories, the Central contribution of premium is 100% for UTs without legislature, while it is

in the ratio of 60:40 for those with legislature.

AB-PMJAY provides cashless and paperless access to services for the beneficiary at the point of service in any (both public and private) empanelled hospital across India. In other words, a beneficiary from one State can avail benefits from an empanelled Hospital anywhere in the Country. Under PMJAY, the State Governments have been given the flexibility to decide on the mode of implementation of the scheme. They can implement the scheme either through insurance companies, or directly through trust/ society, or in a mixed mode i.e. partly insurance mode and partly trust mode.

A well-defined Complaint and Public Grievance Redressal Mechanism, has been put in place through which complaints/ grievances are registered, acknowledged, escalated for relevant action, resolved and monitored. PMJAY has created a robust IT system for implementation of the scheme.

At National level, National Health Authority (NHA) has been set up as an attached office to Ministry of Health and Family Welfare to manage the implementation of the scheme.

### **Key Features of AB-HWCs**

- i. As per the budget announcement 2017-18, 1.5 lakh Sub Health Centres and Primary Health Centres are being transformed into Health and Wellness Centres (AB-HWCs) for provision of comprehensive primary care that includes preventive and health promotion at the community level with continuum of care approach across the country for all population.
- ii. Services at AB-HWCs are free and universal to all individuals in the service area.
- iii. AB-HWCs are aimed to provide the expanded range of services that go beyond MCH and will include care for Non Communicable Diseases (NCDs), palliative and rehabilitative care, Oral, Eye and ENT care, mental health and first level care for emergencies and trauma as well as Health promotion and wellness activities like Yoga.
- iv. AB-HWCs will also provide platform for tele-consultation by enhancing the skilling of primary health care team at AB-HWCs in use of digital tools for consultation/ confirmation of diagnosis and appropriate referral at the primary level.

### **Key Features of AB-PMJAY**

- i. Health cover of up to Rs. 5,00,000 per family per year, for secondary and tertiary care hospitalization through a network of empanelled Health Care Providers;
- ii. Provision of up to 3 days of pre-hospitalisation and 15

- days of post-hospitalisation care such as medicines, follow-up consultation and diagnostics;
- iii. Hospitalization care under PMJAY is provided through 1,393 benefit packages covering 24 specialties;
  - iv. Cashless treatment for the beneficiary at the point of care;
  - v. No cap on family size, age or gender;
  - vi. All pre-existing conditions are covered; and
  - vii. Benefits are portable across the country in all the empanelled hospitals.

### Coverage under PMJAY

PMJAY is aimed at providing the crucial secondary and tertiary hospitalization care to approx. 40 per cent population. In absolute numbers, this is close to 10.74 crore families. PMJAY identifies targeted beneficiary families through SECC data which is in line with the approach of the Government to use the SECC database for social welfare schemes.

### (I) Rural Beneficiaries

Out of the total seven deprivation criteria for rural areas, PMJAY covers all such families who fall into at least one of the following six deprivation criteria (D1 to D5 and D7) and automatic inclusion (destitute/ living on alms, manual scavenger households, primitive tribal group, legally released bonded labour) criteria.

- i. D1- Only one room with kutchra walls and kutchra roof
- ii. D2- No adult member between ages 16 to 59
- iii. D3- Households with no adult male member between ages 16 to 59

- iv. D4- Disabled member and no able-bodied adult member
- v. D5- SC/ST households
- vi. D7- Landless households deriving a major part of their income from manual casual labour

### (II) Urban Beneficiaries

For urban areas, the following 11 occupational categories of workers are entitled –

- i. Rag picker
- ii. Beggar
- iii. Domestic worker
- iv. Street vendor/ Cobbler/hawker / other service provider working on streets
- v. Construction worker/ Plumber/ Mason/ Labour/ Painter/ Welder/ Security guard/ Coolie and other head-load worker
- vi. Sweeper/ Sanitation worker/ Mali
- vii. Home-based worker/ Artisan/ Handicrafts worker/ Tailor
- viii. Transport worker/ Driver/ Conductor/ Helper to Drivers and Conductors/ Cart puller/Rickshaw puller
- ix. Shop worker/ Assistant/ Peon in small establishment / Helper/ Delivery assistant / Attendant/ Waiter
- x. Electrician/Mechanic/Assembler/ Repair worker
- xi. Washer-man/ Chowkidar

### III. Total Entitled Beneficiaries under PMJAY

Sr. No.	Categories	Households (number in crore)
1	i) Rural (based on deprivation criteria)	8.03
	ii) Rural (automatically included)	0.16
2	Urban	2.33
3	Such number of families that are currently enrolled under Rashtriya Swasthya Bima Yojana but not in targeted SECC data	0.22
	Total	10.74

### Beneficiary Identification under PMJAY

I. PMJAY is an entitlement-based scheme covering 10.74 crore families (50 crore beneficiaries) as per the criteria mentioned above. Beneficiaries were informed about their eligibility of the scheme and change in their family structure was gathered thorough an Additional

Data Collection Drive (ADCD) before the launch of scheme in April-May, 2018. Following this drive, a letter from Government of India was sent to the identified families. Also, beneficiaries can check their eligibility by calling toll free number 14555 or visiting the website [mera.pmjay.gov.in](http://mera.pmjay.gov.in).

II. Once the beneficiaries are aware about their eligibility under PMJAY, they can:

- a. Visit any empanelled hospital anywhere in the country and get a printout of the e-card which will facilitate availing treatment in future; or
- b. Get their e-card made by visiting any Common Service Centre of MeitY.

### **MEDICAL PACKAGES UNDER THE SCHEME**

Ayushman Bharat – Health and Wellness Centres:

I. Expanded Service Packages planned to be provided at functional AB-HWCs are as follows:

- i. Care in Pregnancy and Child Birth.
- ii. Neonatal and Infant health care services.
- iii. Childhood and Adolescent health care services.
- iv. Family planning, contraceptive services and other reproductive health care services
- v. Management of communicable diseases: National Health programmes
- vi. General out-patient care for acute simple illnesses and minor ailments
- vii. Screening, prevention, control and management of non-communicable diseases and chronic communicable diseases like tuberculosis and leprosy
- viii. Basic oral health care
- ix. Screening and basic management of mental Health ailments
- x. Care for common ophthalmic and ENT problem
- xi. Elderly and palliative health care services
- xii. Emergency medical services including burns and trauma.

II. Expanding Human Resources and Multi skilling of AB-HWC Team

A new cadre, Community Health Officer (CHO), trained in six-month course in Certificate Programme for Community Health, with core competencies in public health and primary health care, will be posted at SHC–HWC. The CHO will lead the team of existing multipurpose workers and ASHAs to expand the range of services including screening, early detection and issues of changing lifestyles and treatment adherence. Approximately 40% (Rs. 15000/- per month) of the remuneration is based on the performance of the CHOs. A set of 15 indicators have been developed for performance linked payments (PLP). PLPs are also being provided to the team of frontline workers comprising of ASHAs and MPWs.

III. Medicines and Diagnostics: Essential list of medicines and diagnostics are being expanded to make more medicines available at SHC-HWC.

i. Free Diagnostic Initiative

- Free and Essential diagnostics list expanded to complement all CPHC services, to be provided as point of care or hub and spoke services.
- AB-HWCs at SHC level: existing 7 to 14 tests
- AB-HWCs at PHC level: existing 19 to 63 tests

ii. Free Drugs Service Initiative

- Free and Essential Medicines has been expanded at all AB-HWCs both at SHCs and PHCs levels.
- Community Health Officers (CHOs) posted at Sub Health Centre level AB-HWCs to dispense medicines for chronic diseases on the prescription of the Medical Officer posted at HWC-PHC.
- Uninterrupted Availability of medicines to ensure adherence and continuation of care (e.g: HT/DM/ Epilepsy/COPD)
- DVDMS implemented in 28 states to streamline logistics- implementation and remaining states will be covered over a period of six months
- Further, the application will be implemented at all levels of AB-HWCs.

IV. Community Mobilization and Health Promotion:

Convergence with Eat Right Movement of FSSAI

- “The Eat Right Movement” of Food Safety and Standards Authority of India (FSSAI)- built on two broad pillars:
- “Eat Healthy” and
- “Eat Safe”
- Nutrition for first 1000 days of life
- ‘Eat Right’ toolkit designed
- Counselling for Dietary Risk Factors for NCDs
- Food Safety: Adulteration testing kits planned at PHC level AB-HWCs

V. Wellness activities

- Mainstreaming Yoga into the health care delivery system
- Co-ordination with Ministry of AYUSH at the State and District level to have:
  - Pool of Local Yoga Instructors at the HWC level
  - Training and certification of Yoga Teachers



- Weekly/monthly schedule of classes for Community Yoga Training at the HWCs
- Provision for additional remuneration for in-house / in-sourced yoga teacher / instructor

#### Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana

- I. Under AB-PMJAY, 1393 package and their rates have been defined. These package rates were decided as per the recommendations of a Committee headed by Director General Health Services, Government of India and peer reviewed by NITI Aayog. The recommendations of the committee were based on a series of consultations with various stakeholders including medical professionals, AIIMS, hospitals' associations, industry bodies etc. For specific packages, subgroups spread across different super specialties were formed. The subgroups had prominent experts from national institutions like AIIMS.
- II. The benefit packages under PMJAY take care of treatment for almost all secondary care and most of tertiary care procedures. The benefit cover includes pre and post-hospitalisation expenses. All pre-existing conditions are covered from day one of the policy/scheme.
- III. The package rates include all the costs associated with treatment. They are indicative in nature and States have the flexibility to decrease or increase up to 10% depending on their suitability. Further, States could retain their existing package rates, even if they are higher than the prescribed 10 % flexibility slab. In case States desire, they may also develop a mechanism for different rates for public and private hospitals. For beneficiaries, it is a cashless, paper less transaction.
- IV. PMJAY has a performance-linked payment system aimed at incentivizing hospitals to continuously improve quality of care and patient safety, based on successive milestones. These are:
  - i. Hospitals qualifying for NABH entry-level accreditation eligible for an additional 10%.
  - ii. Hospitals with full NABH accreditation eligible for an additional 15%.
  - iii. To promote equity in access, hospitals providing services in aspirational districts are eligible to receive an additional 10%.
  - iv. Teaching Hospitals running Post Graduate/ Diplomate of National Board (DNB) courses will receive an additional 10% rate.
  - v. Hospitals situated in metro cities also receive an additional 10%.

#### IMPLEMENTATION MECHANISM OF AYUSHMAN BHARAT

Ayushman Bharat – Health and Wellness Centres: 1.5 lakh Sub Health Centres and Primary Health Centres are to be transformed into Health and Wellness Centres (AB-HWCs) by December 2022. The roll out plan of AB-HWCs is given as below:

- FY 2018-19 = 15,000
- FY 2019-20 = 25,000 (Cumulative 40,000)
- FY 2020-21 = 30,000 (Cumulative 70,000)
- FY 2021-2022 = 40,000 (Cumulative 1,10,000)
- Till 31st December 2022 = 40,000 (Cumulative 1,50,000)

Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana: State Governments have been given the flexibility to decide on the mode of implementation of the scheme. They can implement the scheme either through insurance companies, or directly through trust/ society, or in a mixed mode i.e. partly insurance mode and partly trust mode.

- As on date, 9 States/UTs viz. Dadra & Nagar Haveli, Daman & Diu, Jammu & Kashmir, Kerala, Meghalaya, Mizoram, Nagaland and Puducherry, Punjab are implementing PMJAY through Insurance mode.
  - 17 States viz. Andaman & Nicobar, Andhra Pradesh, Arunachala Pradesh, Assam, Bihar, Chandigarh, Goa, Haryana, Himachal Pradesh, Karnataka, Madhya Pradesh, Manipur, Sikkim, Tripura, Uttar Pradesh, Lakshadweep and Uttarakhand are implementing the Yojana through Trust mode.
  - 6 States viz. Chhattisgarh, Gujarat, Jharkhand, Maharashtra, Rajasthan and Tamil Nadu are implementing the scheme in mixed mode.
- II. All public hospitals (Community Health Centre and above), in the States implementing PMJAY, are deemed empanelled for the Scheme. Hospitals belonging to Employee State Insurance Corporation (ESIC) may also be empanelled based on the bed occupancy ratio parameter.
  - III. As for private hospitals, they are empanelled based on defined criteria. The empanelment criteria have been finalized in consultation with the States and industry. In general, the primary responsibility and decision making power regarding empanelment of hospitals lies with the State/ UT. States/UTs are free to reserve certain procedures for public health facilities, in part or whole of the state, if public health facilities have capacities to render treatments and/or there are significant moral hazards in certain treatment procedures.



- IV. PMJAY ascribes to a two-tier approach for empanelment of hospitals which is online, transparent and efficient. At State level, State Empanelment Committees (SEC) are set up under the State Health Agency and at district level, District Empanelment Committees (DEC) do the empanelment.
- V. At national level, National Institutes of Excellence like AIIMS, Safdarjung Hospital, etc. have been directly empanelled and the process of empanelling more such hospitals is underway. PMJAY has also collaborated with Indian Railways for extending the health care services to its beneficiaries through select Railway Hospitals.

### **INSTITUTIONAL ARRANGEMENT FOR THE IMPLEMENTATION OF THE SCHEME**

Ayushman Bharat – Health and Wellness Centres: AB-HWCs are being implemented by the Ministry using the existing technical and financial support under National Health Mission and exclusive CPHC budget support. As Public Health and Hospitals is the State Subject, the transformation of the existing primary healthcare level public health facilities are being undertaken by the States.

Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana

- I. In pursuance of the decision of the Cabinet, National Health Agency was registered as a Society under the Societies Registration Act, 1860 on 11.05.2018 to manage the AB-PMJAY scheme. The Agency was headed by a full time Chief Executive Officer (CEO) and it had a Governing Board to provide guidance including policy making, monitoring, approval of operational guidelines etc. For giving policy directions, Ayushman Bharat National Health Protection Mission Council was established.
- II. The National Health Agency (which was functioning as a registered society) was restructured and reconstituted as the National Health Authority (NHA) in the form of an attached office of Ministry of Health & Family Welfare with full functional autonomy, consequent upon the Cabinet decision dated 2nd January, 2019. NHA is headed by a full time CEO in the rank of Secretary to the Government of India. The CEO has all the financial powers of a Secretary to the Government of India as envisaged under GFR and Financial Rules & Regulations of the Government of India. An 11-member Governing Board (GB) has been established as the decision making body of the NHA. The GB is responsible for policy matters related to PMJAY. It is headed by Minister for Health and Family Welfare.
- III. State Health Agency (SHA) is the nodal agency responsible for implementation of PMJAY in the state

headed by CEO. SHA can hire additional staff or engaged Implementation Support (ISA) to perform required tasks for implementation of the scheme. CEO, SHA is appointed by the State government and is ex-officio member secretary of the Governing Council of the SHA. Along with day to day operations of implementation of PM-JAY in the state, SHA is also responsible for data sharing, verification and validation of family members, IEC, monitoring of the scheme etc.

- IV. In addition to the state level posts, a District Implementation Unit (DIU) is also setup to support the implementation in every district included under the scheme. This team will be in addition to the team deployed by Insurance Company/ ISA. A DIU shall be created which would be chaired by the Deputy Commissioner/ District Magistrate/ Collector/ of the district. This Unit is to coordinate with the Implementing Agency (ISA/ Insurer) and the Network Hospitals to ensure effective implementation and also send review reports periodically. DIU will also work closely and coordinate with District Chief Medical officer and his/ her team.

### **FINANCIAL MECHANISM OF THE SCHEME**

Ayushman Bharat – Health and Wellness Centres: Like existing mechanism under NHM, Proposals for AB-HWCs are received from States/ UTs in their Programme Implementation Plans (PIPs). These PIP are discussed in the meeting of National Programme Coordination Committee (NPCC). On the basis of the discussion in the NPCC, approvals are given to the States/ UTs in the form of Record of Proceedings (RoPs).

**Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana**

- I. AB-PMJAY is fully funded by the Government and the cost is shared between the Central and State Governments. The Government of India decides the national ceiling amount per family that is used to determine the maximum limit of the Central Share. In addition, administrative cost for implementing the scheme at the State level is also provided under the scheme and shared between Centre and State in the same sharing pattern.
- II. The ratio of contribution towards premium between Centre and State is 60:40 in all States except North Eastern States & 3 Himalayan States where the ratio is 90:10 with an upper limit for Centre. In the case of Union Territories, the Central contribution of premium is 100% for UTs without legislature, while the ratio is 60:40 for those with legislature.
- III. Payment of Central Share under AB-PMJAY

- a. Insurance model – A flat premium per family, irrespective of the number of members under PMJAY in that family, is paid to the State Government which in turn pays this to the insurer based on the number of eligible families. This is subject to the upper limit equal to the ceiling rate decided by the Central Government.
  - b. Assurance model – Central share of the contribution is paid based on the actual cost of claims or the ceiling decided by the Central Government, whichever is lower.
- IV. To ensure that the funds reach SHA on time, the transfer of funds from Central Government through

NHA to State Health Agencies may be done through an escrow account directly. The State has to contribute its matching share of grants within defined time frame.

#### **BUDGETARY ALLOCATION OF SCHEME**

Ayushman Bharat – Health and Wellness Centres: The state-wise detail of Releases and Allocation under AB-HWCs for the F.Y. 2018-19 and 2019-20 is at given in Table 1. Besides this, various components of AB-HWCs like Human Resource, Free Drugs, Diagnostics etc. are also supported under regular National Health Mission (NHM) Budget.

**Table 1 -Releases and Allocation under Ayushman Bharat Yojana/ Health & Wellness Centres (Comprehensive Primary Health Care) for the FY 2018-19 and 2019-20**

Rs. in Crore			
S.No	States	Release (2018-19)	Allocation (2019-20)
1	Andaman & Nicobar Islands	0.80	1.43
2	Andhra Pradesh	43.51	57.94
3	Arunachal Pradesh	8.15	14.63
4	Assam	68.67	91.85
5	Bihar	88.50	122.03
6	Chandigarh	0.71	0.94
7	Chattisgarh	36.42	49.42
8	Dadra & Nagar Haveli	0.70	1.25
9	Daman & Diu	0.43	0.75
10	Delhi	-	9.27
11	Goa	0.79	1.40
12	Gujarat	44.64	60.13
13	Haryana	18.45	24.78
14	Himachal Pradesh	16.08	21.96
15	Jammu & Kashmir	32.66	44.48
16	Jharkhand	26.02	47.20
17	Karnataka	47.98	64.57
18	Kerala	18.43	24.71
19	Lakshadweep	0.18	0.32
20	Madhya Pradesh	87.74	118.73
21	Maharashtra	91.27	121.18
22	Manipur	5.44	9.69
23	Meghalaya	8.64	11.49

Rs. in Crore			
S.No	States	Release (2018-19)	Allocation (2019-20)
24	Mizoram	4.03	7.05
25	Nagaland	5.01	8.79
26	Orissa	48.34	65.22
27	Puducherry	14.46	0.85
28	Punjab	19.69	26.47
29	Rajasthan	83.70	113.72
30	Sikkim	2.16	3.09
31	Tamil Nadu	56.41	69.86
32	Tripura	10.18	13.41
33	Uttar Pradesh	176.10	237.09
34	Uttarakhand	19.62	26.68
35	West Bengal	59.47	85.05
36	Telangana	46.14	42.56
	Grand total	1,191.52	1,600.00

#### Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana

- I. Total Rs. 2400 Crore was allocated during financial year 2018-19, out of which Rs. 1965 crore was released to the states/UTs during the year.
- II. Total Budget Allocation for the year 2019-20 is Rs. 6400 Crore, out of which Rs. 5795 Crore is for the payment of Grant-in-Aid to States / UTs for the implementation of AB - PMJAY and the remaining amount of Rs. 605 Crore is for NHA's Head Quarter Expenditure.

#### PROGRESS OF THE SCHEME SO FAR

Ayushman Bharat – Health & Wellness Centres: Approval of over 60,000 AB-HWCs have been given to States/ UTs under NHM. Out of these, as reported by the States on the AB-HWC portal, 21,209 AB-HWCs are operational as on 17.09.2019. Under AB-HWCs, support is being provided to States/ UTs for transformation of Sub Health Centres and Primary Health Centres into AB-HWCs based on the proposal received from them in their Programme Implementation Plans (PIPs). Proposals for implementation of AB-HWC were received from all States/ UTs except Union Territory of Delhi. The state-wise detail of 21,209 operational AB-HWCs as on 17.09.2019 is given in Table 2.

**Table 2 -State-wise Detail of Operational AB-HWCs**

Sl. No.	State Name	Number of AB-HWCs Operationalised
<b>Not-High-Focus</b>		
1	Andhra Pradesh	2177
2	Goa	28
3	Gujarat	1617
4	Haryana	464
5	Himachal Pradesh	39
6	Jammu & Kashmir	232
7	Karnataka	729
8	Kerala	671

Sl. No.	State Name	Number of AB-HWCs Operationalised
<b>Not-High-Focus</b>		
9	Maharashtra	2852
10	Punjab	867
11	Tamil Nadu	1930
12	Telangana	1183
13	West Bengal	399
<b>Union Territories</b>		
14	Andman & Nicobar Islands	29
15	Chandigarh	10
16	Dadra & Nagar Haveli	31
17	Daman & Diu	23
18	Delhi	0
19	Lakshadweep	0
20	Puducherry	24
<b>North_East</b>		
21	Arunachal Pradesh	72
22	Assam	929
23	Manipur	64
24	Meghalaya	39
25	Mizoram	4
26	Nagaland	54
27	Sikkim	30
28	Tripura	71
<b>High Focus</b>		
29	Bihar	610
30	Chhattisgarh	812
31	Jharkhand	405
32	Madhya Pradesh	871
33	Odisha	1002
34	Rajasthan	610
35	Uttar Pradesh	2122
36	Uttarakhand	209
		21209

Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana: The AB-PMJAY is being currently implemented across 32 States/ UTs. Delhi, Telangana and West Bengal are not implementing the scheme. Hon'ble Union Minister of

Health & Family Welfare has written to the Hon'ble Chief Ministers of all these States, requesting them to launch the scheme in their respective States. Progress of the AB-PMJAY is as given below in Table 3:

**Table 3 - Progress of the AB-PMJAY**

<b>Sr. No.</b>	<b>State</b>	<b>No. of Beneficiaries with E-Card</b>	<b>No. of Hospitals Empaneled</b>	<b>No. of Hospitalizations</b>	<b>Amount of Hospitalization</b>
1	Andaman And Nicobar Islands	5,314	3	24	1,23,900
2	Bihar	21,90,899	712	95,663	98,44,15,482
3	Chandigarh	38,472	17	1605	1,82,09,336
4	Chhattisgarh	18,63,088	1321	5,81,914	482,13,97,824
5	Dadra And Nagar Haveli	2,57,989	4	19,728	13,90,83,115
6	Daman And Diu	1,09,694	3	7,512	6,63,96,567
7	Haryana	12,66,042	485	50,006	76,59,97,644
8	Himachal Pradesh	7,77,268	206	33,235	33,95,69,419
9	Jammu And Kashmir	11,34,317	155	33,337	22,85,64,216
10	Jharkhand	55,54,965	654	2,94,032	286,46,20,077
11	Kerala	55,98,062	368	4,11,227	286,79,99,343
12	Lakshadweep	8	1		
13	Madhya Pradesh	1,22,63,209	432	1,63,176	236,67,50,038
14	Manipur	1,58,915	16	6,400	11,66,61,320
15	Meghalaya	15,15,980	169	14,644	12,75,21,638
16	Mizoram	3,32,911	83	22,196	19,44,15,669
17	Nagaland	1,96,000	60	3,341	5,07,42,845
18	Puducherry	326	11		
19	Punjab	24,55,948	468	7969	10,00,88,142
20	Sikkim	22,160	7	446	61,56,940
21	Tripura	5,00,654	64	33,816	19,20,56,242
22	Uttar Pradesh	45,31,554	1910	1,91,341	227,54,43,257
23	Uttarakhand	32,95,181	180	82,463	84,63,82,163
24	Andhra Pradesh	0	692	3,62,437	950,09,12,983
25	Arunachal Pradesh	168	2	1,096	1,93,68,763
26	Assam	1,22,78,650	179	80,446	114,60,40,323
27	Goa	14,950	23	10,560	35,81,84,494
28	Gujarat	68,75,387	2916	8,76,212	1497,74,76,883
29	Karnataka	97,82,691	776	3,16,021	749,50,20,082
30	Maharashtra	40,55,727	489	2,11,053	548,47,77,836
31	Rajasthan	0	2049		
32	Tamil Nadu	2,47,27,156	2267	6,36,653	1535,93,78,995
33	West Bengal	0	1240	17,636	1981470
	Grand Total	101803685	18096	4566189	73884737006



## CHALLENGES

### Challenges in the Implementation of AB-HWCs

- i. Ensuring adequate human resources: Community Health Officers, and Female and Male Multipurpose workers at SHC- HWC and medical officers at PHC-HWC.
- ii. Moving to expanded range of services from existing delivery of services related mostly to women and children; Focus will be given to addressing population of 30+ including men for screening, prevention, and management of non- communicable diseases.
- iii. Ensuring procurement of IT hardware to enable a system of digital records to improve appropriate referrals and continuum of care.
- iv. Ensuring adequate supplies of medicines particularly for NCDs to respond to increasing footfalls.
- v. Issues of governance and capacity, especially in the high focus states.

### Challenges in the Implementation of the AB-PMJAY

- i. PMJAY is world's largest Government funded health protection scheme covering about 50 crore beneficiaries. Nowhere in the world this kind of work has been implemented on such a large scale. Consolidation and stabilizing the implementation of scheme is an enormous task.
- ii. Lack of sufficient motivation among quality tertiary hospitals to join the scheme
- iii. Low beneficiary awareness about their eligibility and entitlements
- iv. Limited capacity in some states for effective implementation of the scheme
- v. Ensuring quality of healthcare services by the empanelled hospitals
- vi. Prevention and mitigation of fraudulent practices

### SWOT ANALYSIS OF THE AB-PMJAY

A SWOT (strengths, weaknesses, opportunities, and threats) analysis of AB-PMJAY is provided below

#### I. Strengths

- a) Coverage of the scheme
  - i. 32 states onboard
  - ii. 10.74 crore families (50 crore population covered)
  - iii. Coverage of Rs 5 lakh per family per year
  - iv. 24 specialties with 1393 packages are covered
  - v. Around 18000 hospitals are providing the services

- vi. Portability of services
- vii. Flexibility provided to the states/UTs

#### (b) Dedicated Institutional structure

- i. National Health Authority
- ii. State health agencies

#### (c) Robust IT System

- i. State of art sophisticated IT platform for
- ii. efficient implementation of scheme

#### (d) Strong Monitoring Mechanism

- i. Dedicated analytics team equipped with dashboards, and other sophisticated tools for monitoring of scheme
- ii. NAFU/SAFU for reducing the fraudulent practices

## II. Weaknesses

- a) Lack of participation from Orissa, West Bengal, Telangana and Delhi.
- b) Non-optimal participation from private healthcare providers
- c) Varied quality and infrastructure in public facilities
- d) Lack of trained manpower at ground level in many states
- e) Lack of awareness among the beneficiaries leading to underutilization of scheme in many states.

## III. Opportunities

- a. Increasing the coverage and reach of the scheme
- b. Improving the public health sector quality and infrastructure
- c. Ensuring quality of care, particularly in rural and hard to reach areas
- d. Increasing participation of private healthcare providers
- e. Building skilled human resources for health
- f. Creating employment opportunities
- g. Creating opportunities for continuum of care
- h. Providing insights for improved policy making
- i. Supporting innovations and IT improvement

## IV. Threats

- a. Varied state level capacities for managing the scheme
- b. Meeting the supply side response (mainly in rural areas)
- c. Fraudulent behavior of various stakeholders

- d. Political consideration at state level might impede optimal participation

## **MONITORING MECHANISM FOR ENSURING SUCCESSFUL IMPLEMENTATION OF THE SCHEME**

### **Ayushman Bharat – Health & Wellness Centres**

- I. Under NHM, the local bodies are envisaged to play an important role in effective management of NHM schemes and programmes including AB-HWCs. At village level Village Health Sanitation & Nutrition Committee (VHSNC) is constituted which function under the ambit of the Panchayati Raj Institution (PRI) and acts as a sub-Committee or a Standing Committee of the Gram Panchayat under the latter's oversight to empower panchayats with the understanding and mechanisms required for them to play their role in governance of health and other public services and to enable communities through their leadership to take collective action for the attainment of better health status in the village. It includes elected members of the panchayat resident in the village as its members.
- II. A similar mechanism in urban areas is the Mahila Arogya Samiti (MAS). Untied funds are provided to the VHSNC and MAS on an annual basis to undertake their functions.
- III. At health facility level, Rogi Kalyan Samities (RKSs) are constituted which, inter alia, supervise the implementation of National Health Programmes at the hospital and other health institutions that may be placed under its administrative jurisdiction and Improve participation of the Society in the running of the hospital. RKS includes representatives of PRIs and Urban Local Bodies (ULBs).

### **Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana**

- I. Monitoring and Evaluation is key for successful implementation and ensuring the intended results of such a large scheme like AB-PMJAY. At the Central level, these UHC dimensions (coverage, benefits and financial protection) are being continuously kept on track on periodic basis through the following functional domains:
  - Beneficiary management
  - Transaction management
  - Provider management
  - Support function management (comprising functions such as capacity development, grievances, frauds and abuse, call centre, etc.)
- II. A strong real-time online MIS is set up at the national level to review Key Performance Indicators (KPIs)

and achievement of results with respect to the targets defined under the domains. The various dashboards developed using business intelligence tools help in identifying the gaps and provide an overview of the performance made. To mention a few: the operations dashboard presents an update of KPIs of beneficiary information system, pre-authorization dashboard helps to access state and district wise distribution of pre-authorization status of empanelled hospitals, portability dashboard gives us the picture of interstate and intrastate portability and their KPIs on claim portability by specialty, procedure, age and gender.

- III. For a program of scale, magnitude and complexity as that of PMJAY, it is critical to put in a place strong anti-fraud mechanism not only from financial perspective but also to safeguard people's health from unethical and malpractices. National Health Authority is cognizant of the issue and has taken number of steps to safeguard the program from the inception. Some of the key actions taken in this regard are listed below.

#### **IV. National Anti-Fraud Unit**

- i. A "Zero Tolerance" approach towards Fraud and Abuse under PMJAY has been adopted. Towards this end, the National Anti-Fraud Unit (NAFU) has been set up with the primary responsibility for prevention, detection and deterrence of fraud and abuse under PMJAY.
- ii. NAFU works closely with State Ant Fraud Units (SAFU) in order to ensure the effective implementation of the Scheme, free from any fraudulent/ abusive activity from any entity involved in PMJAY implementation such as providers, beneficiaries, ISAs or payers.

#### **V. Action Taken:**

- i. Number of TMS Cases shared with States so far: 8900
- ii. Total number of cases where fraud has been confirmed: 1200 (approx.)
- iii. Value of Cases shared with States so far: 9.16 Cr
- iv. Number of Hospitals for investigation: 376
- v. Number of Hospitals taken action against (Showcase/ Suspended/ De-empanelled/ Penalty): 338
- vi. Number of Hospitals De-empanelled: 97
- vii. Number of Hospitals against FIR: 6
- viii. Amount of recoveries made: 1.1 Cr
- ix. Amount of Penalties levied: 1.5 Cr
- x. Number of BIS cases sent to states: 1.75 lac
- xi. Number of CSC/PMAM Id blocked: 300

## CONCLUSION

PMJAY programme is India's most definitive step so far towards promotive, preventive, curative, palliative and rehabilitative aspects of Universal Health Coverage. Adopting continuum of care approach, Ayushman Bharat is being implemented through two interrelated components, viz., Health and Wellness Centres to provide primary care and PMJAY for providing financial protection for accessing hospitalization care at the secondary and tertiary levels. PMJAY is world's largest Government funded health protection scheme covering about 50 crore beneficiaries. Nowhere in the world this kind of work has been implemented on such a large scale. Consolidation and stabilizing the implementation of scheme is an enormous task. The AB-PMJAY is being currently implemented across 32 States/ UTs. A well-defined Complaint and Public Grievance Redressal Mechanism, has been put in place through which complaints/ grievances are registered, acknowledged, escalated for relevant action, resolved and monitored.

PMJAY has created a robust IT system for implementation of the scheme. Monitoring and Evaluation is key for successful implementation and ensuring the intended results of such a large scheme like AB-PMJAY. At the Central level, these UHC dimensions (coverage, benefits and financial protection) are being continuously kept on track on periodic basis through the following functional domains: Beneficiary management, Transaction management, Provider management and Support function management (comprising functions such as capacity development, grievances, frauds and abuse, call centre, etc.). A strong real-time online MIS is set up at the national level to review Key Performance Indicators and achievement of results with respect to the targets defined under the domains. For a program of scale, magnitude and complexity as that of PMJAY, it is critical to put in a place strong anti-fraud mechanism not only from financial perspective but also to safeguard people's health from unethical and malpractices. National Health Authority is cognizant of the issue and has taken number of steps to safeguard the program from the inception.

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# *Strategies of B-schools in Attracting Prospective Aspirants- A Study of B-schools in Tier II Cities*

**Key words:** B-schools, Admissions, Strategies, Tier II Cities, Expectations, Prospective Aspirants, Placements, Alumni, Admission Decision

Arif Shaikh<sup>\*</sup> and Ameet V Kulkarni<sup>\*\*</sup>

## **ABSTRACT**

The present study is focused on the promotion strategies followed by b-schools located in tier II cities of Karnataka State. The data required for the study is collected by administering a structured questionnaire to 148 students pursuing MBA course in different colleges. The study highlights that majority of the respondents came to know about the institute offering MBA course in tier II cities through their friends, relatives and existing students. The promotion strategies used by b-schools have a positive impact on admissions like crash course to crack state level entrance test. The location of the b-schools also plays the vital role in making admission decision by the students. Ranking of the b-school by various agencies is also a factor influencing aspirants' decision. Curriculum and Co-curriculum activities like academic performance of the students, events and fests

organized by the institutions also had an impact on aspirants.

## **INTRODUCTION**

Management education in India is undergoing a radical change. The two developments factors sweeping India, namely liberalization and globalization, had a considerable impact on management education. The number of b-schools in India is about 5,500 amounting to as many as 3, 60,000 MBA seats, collectively, which is way higher than the people appearing for CAT (1.6 Lacs). Management education in India has come a very long way in the last two decades. From a handful of B-schools such as IIMs that were popular nationally to the spurt of private management colleges across the country that are able to match the education standards followed internationally; the management education scenario has undergone a massive transformation.

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Present structure of Indian Management Education is as follows-

- Indian Institute of Management (IIMs) setup by Government of India.
- University departments of management studies
- Colleges & institutes affiliated to universities
- Private institutes approved by All India Council for Technical Education (AICTE).
- Private institutes or colleges not affiliated to any universities or not approved by AICTE.
- Private colleges or institutes offering MBA courses in India in collaboration with foreign universities where degree & diploma certificates are awarded by the foreign universities.

Now a day's only job placements statistics are not enough to deem an institute apt; aspirants also look for fast paced career growth, skill enhancements at personal as well as institutional level and a platform to launch them into the business world with impactful credentials. One more interesting development which has been seen among MBA aspirants is to look at the success ratio of institute alumni up to 5 to 10 years after passing out from a b-school. All these factors make up the core of the motivation while choosing MBA colleges by the students.

## REVIEW OF LITERATURE

Kashif, Jamal and Asif (2012) study explores the factors which influence students' decision to choose an institution of higher learning in Pakistan. Career oriented courses; reference group; reputation; brand promotion; and location are the most influencing factors while deciding to choose a university for higher studies.

Mudholkar (2012) research shows that male student attached high importance to factors such as the placement, image/reputation, infrastructure, specialization & faculty/teaching. This study reveals that there is significant differences between male students & female students and the importance they attach to the different choice factors. Study indicates that female students attach a high importance to the image/ relation, faculty/ teaching, fees structure, location, and placements.

Jain & Shrimali (2013) paper focuses on higher education especially business management education in Rajasthan and highlights various competitive strategies used to

attract the students. The authors are of the opinion that in most of the situations gender of the respondents did not affect the criteria a student looked for while selecting B-Schools. Personal preferences have a significant role to play. It was found that ranking of different B-Schools in different magazines and survey agencies was an important criterion a student looked for and was valued across gender and the city of residence.

MBA Universe (2014) article aims to highlight some of the best methods to increase applicants' pool for a b-school. Various new B-schools can adopt these practices to increase their quality and quantity of application for their MBA programme at their campus by revamping college website on regular basis, branding and promotion, usage of social media, consistently communicating with aspirants.

## OBJECTIVES OF THE STUDY

- To study various promotion strategies followed by b-schools in tier II cities
- To ascertain the impact of promotion strategies in attracting aspirants
- To identify the various sources through which aspirants comes to know about the institutes
- To find out the factors influencing student's admission decisions

## SCOPE OF THE STUDY

The study is restricted only to strategies adopted by b-schools offering MBA programme in Tier II cities to attract prospective aspirants and is confined to tier II cities of Karnataka state.

## RESEARCH METHODOLOGY

The data required for the study is collected from both primary and secondary sources-

Primary data - The primary data for the study is collected by administering a structured questionnaire to 148 MBA aspirants in tier II cities.

Secondary data - The secondary data required for the study is collected from various journals, magazines, websites, reports etc.

Sampling method - Convenience sampling method of data collection is followed and the data so collected from the primary source is analyzed by using MS-Excel.

## DISCUSSION

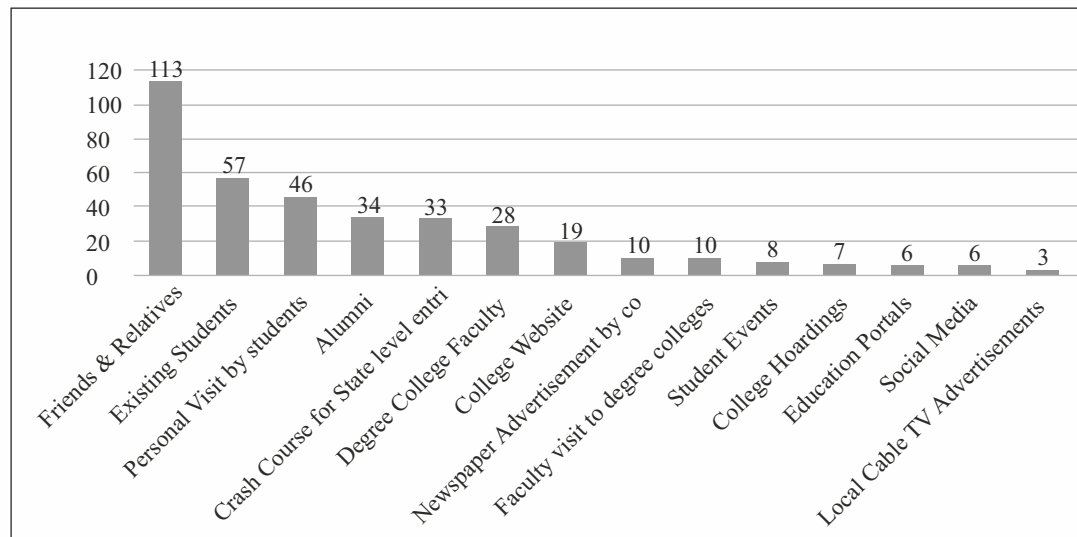


**Table 1 - Sources through which Students Come to Know about the Institutes**

Particulars	Frequency	Percentage
Friends & Relatives	113	76.35
Existing Students	57	38.51
Personal Visit by Students	46	31.08
Alumni	34	22.97
Crash Course for Entrance Test	33	22.29
Degree College Faculty	28	18.91
College Website	19	12.83
Newspaper Advertisement by Colleges	10	6.75
Faculty visits to Degree Colleges	10	6.75
Student Events	8	5.4
College Hoardings	7	4.72
Education Portals	6	4.05
Social Media	6	4.05
Local Cable TV Advertisements	3	2.02

Source: Primary Data

**Graph 1 - Sources through which Students Come to Know About the Institutes**



## INTERPRETATION

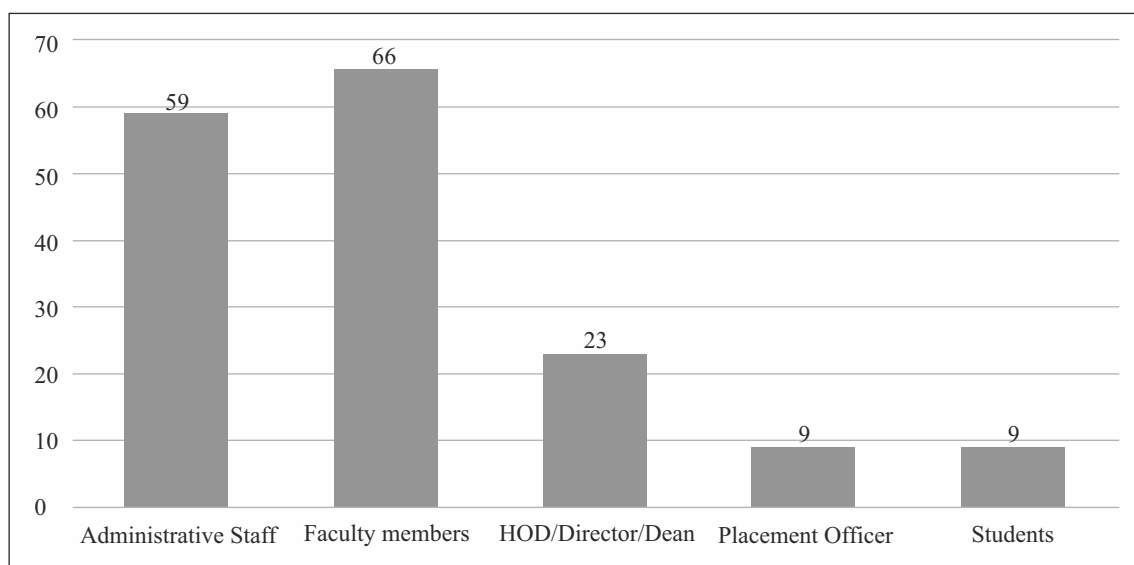
The survey highlights that majority of the respondents came to know about the institutes offering MBA course in tier II cities through their friends and relatives and existing students doing MBA course. Most of the students aspiring to do MBA makes personal visit to the colleges and enquire about the institute. In addition to the above, alumni of the institute, degree college faculty, institutes website and crash course for state level entrance test are

also some of the important ways through which the student comes to know about the colleges offering MBA course. As per the survey newspaper advertisement, student events, display of hoardings at various locations in and around the city, local cable channel TV advertisement, advertisement on educational portals, and institute's presence on social media like Facebook etc. also helps the colleges in attracting prospective aspirants for MBA course in tier II cities.

**Table 2 - Point of Contact at the Institute during Admission Process**

Particulars	Frequency	Percentage
Administrative Staff	59	39.86
Faculty Members	66	44.59
HOD/Director/Dean	23	15.54
Placement Officer	9	6.08
Students	9	6.08

*Source- Primary Data*

**Graph 2 - First Point of Contact at the Institute During Admission Process**

### INTERPRETATION

The study also made an attempt to find out who are the first point of contact when the aspirants visited the respective colleges. The study indicates that the office staff plays a crucial role in creating a good impression of

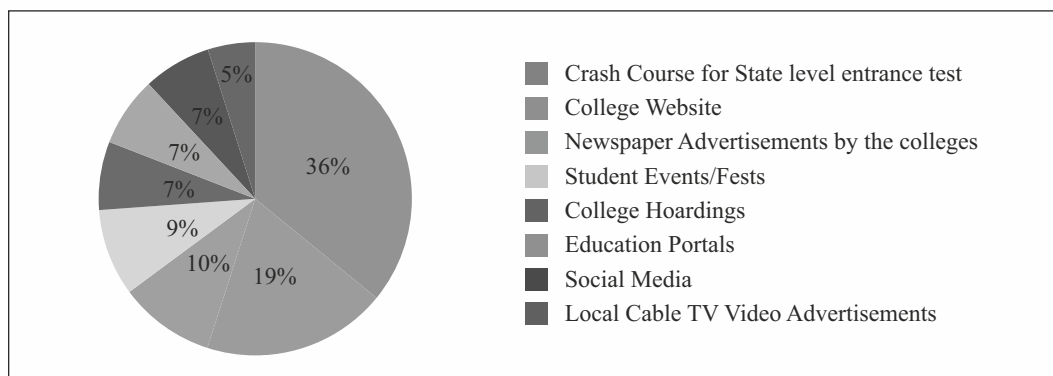
the institute as they are the first point of contact. Key Faculty members of the institute, Director/HOD and placement officer are some of the important point of contacts for aspirants to know more about the institute and its activities/happenings.

**Table 3 - Impact of Promotion Strategies**

Particulars	Frequency	Percentage
Crash Course for State Level Entrance Test	54	36.48
College Website	28	18.91
Newspaper Advertisements by the Colleges	15	10.13
Student Events/Fests	13	8.78
College Hoardings	11	7.43
Education Portals	10	6.75
Social Media	10	6.75
Local Cable TV Video Advertisements	7	4.72

*Source- Primary Data*

**Graph 3 - Impact of Promotion Strategies**



### INTERPRETATION

The survey reveals that few of the promotion strategies used by b-schools have a positive impact on admissions like - Crash Course for State level entrance test to the aspirants by the institute almost 36.48% of the respondents have join the institute because of the same, whereas in case of 18.91% of the respondents the website of the institutions have provided sufficient information

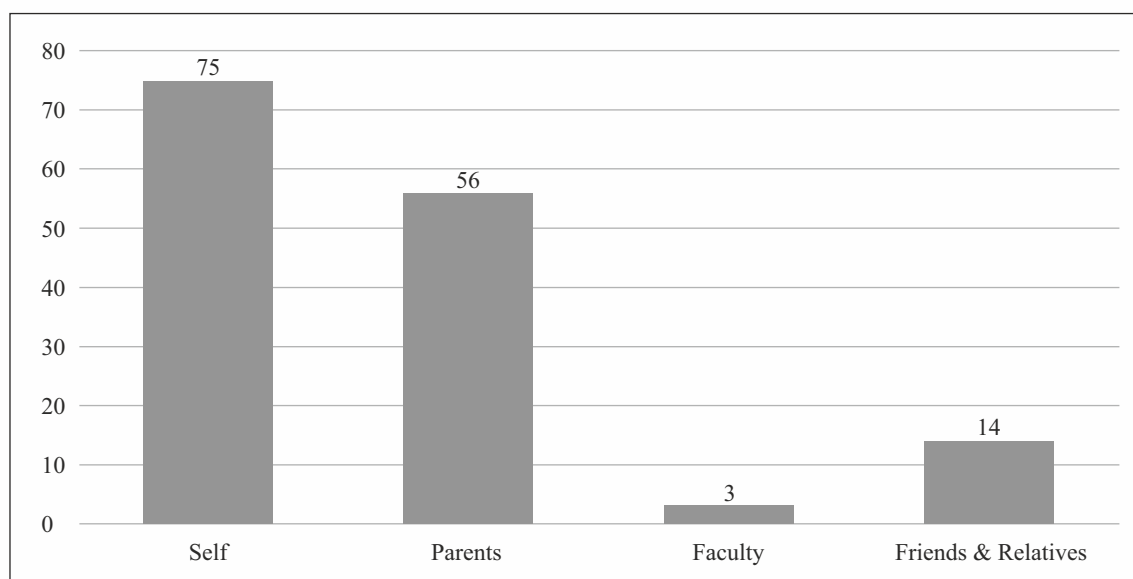
about the institute to take appropriate admission decision. Newspaper advertisements had also impacted admission decision in case of 10.13% of the respondents. Student events conducted by b-schools for undergraduate students, display of college hoardings at various strategic locations in and around the city, institute's presence on educational portals, social media, advertisement in local cable TV networks etc. have created a positive impact of admission of students to b-schools.

**Table 4 - Decision to Take Admission**

Particulars	Frequency	Percentage
Self	75	51.00
Parents	56	37.83
Faculty	3	2.02
Friends & Relatives	14	9.45

Source- Primary Data

**Graph No. 4 Decision to Take Admission**



## INTERPRETATION

Majority of the respondents i.e. 51% take self-decision in deciding the institute to join for pursuing MBA course

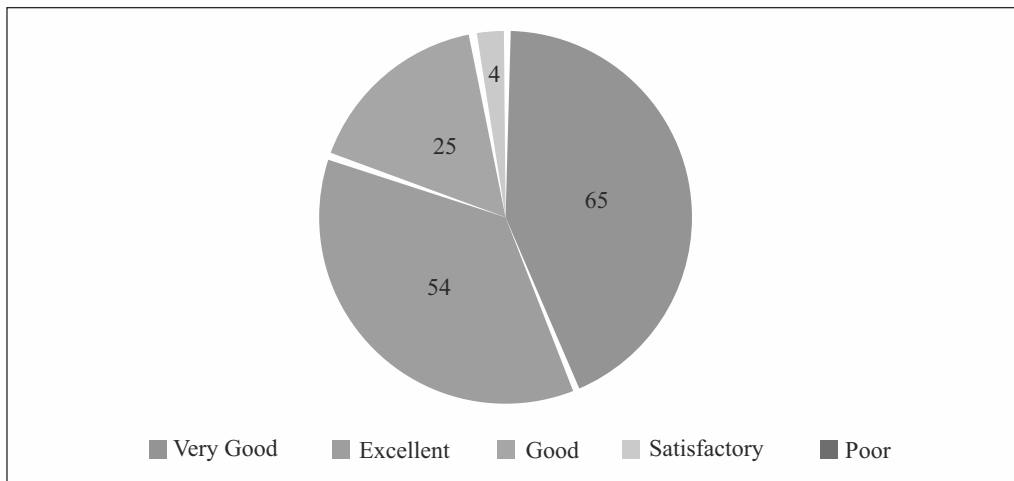
where as 37.83% of the respondents takes the help of their parents in choosing the institute. Around 9.45% respondents' decision to take admission is influenced by friends and relatives.

**Table 5 - Interaction with the Staff During the Entire Admission Process**

Particulars	Frequency	Percentage
Very Good	65	43.91
Excellent	54	36.48
Good	25	16.89
Satisfactory	4	2.7
Poor	0	0

*Source- Primary Data*

**Graph 5 - Interaction with the Staff During the Entire Admission Process**



## INTERPRETATION

The study also made an attempt to find the opinion of respondents regarding their interaction with staff during the admission process and it reveals that 36.48% of the respondents express that the overall interaction with the staff during the entire admission process was excellent and 43.93% said very good and 16.89% are of the opinion that it is good and only 2.7% are satisfied.

## FINDINGS OF THE STUDY

The study made an effort to find out the factors influencing the admission decision. The survey reveals that there are multiple factors like -

- Good placements of the existing students in reputed companies and pay packages.
- Alumni interaction/support to the institution and students in getting internship, placements etc.
- Infrastructure facilities available in the institute like well-ventilated class rooms, computing facilities, Wi-Fi, recreational facilities like provision for indoor and outdoor sports and the most important one is the

availability hostel within the campus for outstation students.

- Vicinity/locality of the college also plays the vital role in making admission decision by the students.
- Ranking of the B-School is also a factor influencing student admission decision.
- Curriculum and Co-curriculum activities like academic performance of the students in university examination, events, fests etc. carried out by the institutions also has an impact on admission decision.
- Crash Course for State level entrance test is offered by institutions to MBA aspirants in helping them to score high rank in entrance test to get admission in their dream institutions is also a significant factor influencing admission decisions.

## Promotion Strategies Followed by B-Schools in Tier –II Cities

- It has been observed that many of the b-schools offering MBA advertise about their institution and its salient features by displaying hoardings at various

strategic locations in and around city.

- Local Cable TV channel had a wide coverage in city and taluka places. Business schools make use of this channel by telecasting video and strip advertisement to reach the prospective aspirants during prime time.
- The placement cell of the b-school organizes Job Fairs for under graduate students by inviting reputed companies from sectors like FMCG, BPO/KPOs, private sector banks, insurance, etc. and makes an attempt to showcase the activities carried out by the institute and try to get the pool of students for MBA course offered by it.
- It has also been noticed that many institutes offering MBA course organized cultural and management fest for undergraduate college students and offer attractive prizes.
- The faculty members of MBA colleges visit various undergraduate colleges in their catchment area and make a presentation about the institute to the students.
- Appearing for entrance test is mandatory for students seeking to do MBA under government quota. The scores and ranks obtained in entrance tests is the basis of seat selection and the counseling is done based on the merit list prepared after the ranks are announced. To facilitate MBA aspirants in securing good rank most of the b-schools in Tier II cities conduct crash course wherein aspirants are trained in the areas of Logical Reasoning, English, Quantitative Analysis and General Knowledge. They are given a mock test on which they are assessed where they need to improve and guided accordingly. The tests and the coaching is aimed at helping maximum number of aspirants to pass the entrance test with good scores and help them in securing admission in their dream college. The crash course is offered by most of the institutes at no cost or by charging a reasonable fee to the aspirants.
- It has been observed that many b-schools in addition to the scholarships provided by the Government also offer scholarship facilities from institute side to attract the meritorious students.
- The institutes also participate in education fairs and expos to attract students from geographically diverse areas.
- Many institutions have their presence on online educational portals like shiksha.com, campuswatch.com etc.

## SUGGESTIONS

To attract more talented students to do MBA the b-schools in Tier 2 cities can also do the following-

- The b-schools in tier II cities follow the traditional teaching –learning pedagogy. They should start focusing more on practical aspects/ application oriented pedagogy which will provide good exposure to the students and enhance their knowledge, skills and attitude.
- Maintaining strong alumni relations and invite alumni for regular interactions with students and share the success stories.
- Most of the students undergoing MBA course in tier II cities aspire to work with some well reputed companies and business organizations the institutes can approach more and more reputed companies for campus recruitment as it is the appealing factor for students to do MBA in tier 2 cities.
- Value added courses in niche areas like retail, tourism, hospitality, digital marketing, business analytics, supply chain management etc. can be offered in addition to regular curriculum which will enhance the employability of the students.
- B-schools must also nurture entrepreneurial spirit among the students by inviting local successful entrepreneurs and alumni who have started their own enterprises to share their entrepreneurial journey and aspire the students to take the path of entrepreneurship.

## CONCLUSION

The study highlights that majority of the respondents came to know about the institute offering MBA course in tier II cities through their friends and relatives, existing students etc. Promotion strategies used by b-schools have a positive impact on admissions like, crash course entrance test, scholarships offered to attract meritorious students, etc. The students in tier II cities give more importance to placement and placement support provided by the institutions. The location of the institute, ranking of the b-school by various agencies, curriculum and co-curriculum activities carried out by the b-schools, academic performance of the students in university exams, ranks bagged by the students, cultural and management fests organized etc. had an impact on students' admission decision. Entrepreneurial mindset among the students must be developed by inviting local successful entrepreneurs on regular basis to share their entrepreneurial experience and motivate the students to start their own business ventures.



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# Case Study

## ‘Indian’ Motor Cycle in India

S.R. Singhvi\* and Jitender Sharma\*\*

In 2015, all of sudden there was rush of new entrants in Superbike market in India. The existing firms were rushing new models of motorcycles fast in the market. Primarily these models were already sold in the global market. Mr Pankaj Dubey, Chief Executive of Polaris India, had successfully established off-road vehicles in the Indian Market. He wanted to market Polaris’s Indian brand motorcycle in India with equal impact.

### Polaris India Pvt. Ltd

Polaris Industries Inc. (USA), was founded in 1954. It reached about US\$ 2 billion sales in 2010 through 1500 distributors in USA and about 1000 distributors in rest of the world. Its product competes with best in power sports market including those of Yamaha, Honda, Arctic Cat, Ski-Doo and Harley Davidson. For future growth, it was

important to enter into new foreign markets and that’s how Polaris Industries started its operation in India through its subsidiary Polaris India Pvt Ltd.<sup>1</sup>

Polaris India Pvt Ltd started operations in India on August 24, 2011 by forming a 50-50 stake joint venture with Eicher Motors. It launched its globally successful flagship products of off-road vehicles including ATVs, Polaris Ranger RZR®, Side x Side Vehicles and Snowmobiles exclusively meant for elite customers. Its plant was opened in Jaipur, Rajasthan. To promote off-road riding culture in India, Polaris India developed a strong network of 16 Dealerships, 10 PRS (Polaris Riderzstop) and 23 Polaris Experience Zones (Off Road Tracks)<sup>2</sup> by 2015. In the category the company has done very well.

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## Global Motorcycle Market

The global market for two wheelers including motorcycles, scooters and moped was projected to reach about 130 million units by 2020, an upward swing based on demand for economic and fuel efficient, and easy-to-maintain means of transport primarily in developing countries. It was also expected that new models will continually be introduced in market to maintain growing demand in the years to come.

Motorcycles are used for different purposes in different parts of world including for daily commute, long distance travelling, by motor sports enthusiasts for cruising and racing and for off road riding. Accordingly, their designs vary a great deal as per needs.

In developed world, motorcycles are symbolic to luxury used mainly for recreation and as a lifestyle accessory, a symbol of personal identity. Hence manufacturers build primarily features-rich motorcycles for local cruising or long distance touring unlike developing countries where these are means of transport or commuting. The types of bikes in developed markets are mainly Cruisers, Sportsbikes and Tourers.

Cruisers are designed for easy ride, greater performance, good suspension and strong brakes generating more horsepower<sup>3</sup>.

For sports bike speed comes at the cost of fuel economy. They have very good acceleration and braking system.<sup>4</sup>

Tourers are meant to cover long distances and hence designed to offer both weather and wind protection and have large fuel tanks and they offer excellent space for their riders along with enough luggage space<sup>5</sup>.

### Polaris and Bikes

Harley Davidson (HD) had been the major suppliers of bikes in US since 1903. Polaris entered this field only in

1998 with its first on-road vehicle with brand name "Victory" which became identified soon as "The New American Motorcycle" and became award winner in the same year as "Best Cruiser of 1998". Polaris took pride in its 'Made in USA' identity.

HD's biggest rival, Indian Motorcycle Co halted production in 1953. Polaris acquired Indian Motorcycle Co in 2011 and redesigned 'Indian' brand bikes maintaining the spirit of older version but using a modern engine, to make the bike rider-friendly. Marketing Director Bassel believed that the new bikes were aimed at HD riders who had an open-mind to try an alternative but at the same time there were apprehensions if an expensive price tag of US\$36000 and uncertainty around brand continuity will prove its nemesis. Another question was how well Polaris will develop the dealership network. Many dealers were suspicious of the brand, in the light of previous quality issues. Still, leaving these apprehensions behind, Polaris established itself as number two seller in heavyweight bikes segment just behind HD.

### Motorcycle Market in India

There has been a well-established market for two wheelers in India with presence of scooters, mopeds, utilitarian bikes of 250ccs and under. Leading players in this segment are Hero, Honda, Kawasaki, Suzuki and Yamaha, Bajaj, TVS, Mahindra and Mahindra which were either individually or jointly selling 12million units in 2012. However, speed and stable driving on highways or long routes remained a concern as these two wheelers were not stable and start shaking when any heavy vehicle passed through them at a speed of 70kms and above.

Society of Indian Automobile Manufacturers (SIAM) categorizes two wheelers into various segment on the basis of engine size. Vehicles in above 350cc category and principal players in that segment are given in Table 1 below.

**Table 1 - Categorization of Two Wheelers and Principal Players<sup>6</sup>**

Category: Sub Segments	Principal Players
B8: Engine Capacity>350cc but less than equal to 500cc	Bajaj Auto Ltd; Royal Enfield
B9: Engine Capacity>500cc but less than equal to 800cc	Bajaj Auto Ltd; Royal Enfield
B10: Engine Capacity>800cc but less than equal to 1000cc	H-D Motor Company India Pvt Ltd; Honda Motorcycles & Scooters India Pvt Ltd, India Yamaha Motor Pvt Ltd, Suzuki Motorcycle India Pvt Ltd
B11: Engine Capacity>1000cc but less than equal to 1600cc	H-D Motor Company India Pvt Ltd; Honda Motorcycles & Scooters India Pvt Ltd; Suzuki Motorcycle India Pvt Ltd
B12: Engine Capacity >1600cc	H-D Motor Company India Pvt Ltd; Suzuki Motorcycle India Pvt Ltd

## Superbikes in India

The market for Superbikes opened after 2007 and bikes with engines larger than 1000cc were supplied by foreign

firms. Table 2 provides data for different bikes as per engine size, production units, manufacturer and retail price in US\$.

**Table 2 - India's Motorcycle Sales, 2007<sup>7</sup>**

Engine Size	Maker	Units	Retail Prices Range in US\$
100-125cc 125-150cc 150-300cc	Bajaj Hero Honda Yamaha Suzuki Honda	450000 130000 650000	1000-2000
350-500cc 500-1000cc 1000-1500cc	Royal Enfield None Suzuki KTM Honda Yamaha	40000 10000*	2000-2500 500
1500cc+	None	1000(CBU) 2500(CKD)	25000+

As per SIAM report, by the year 2009 Yamaha had largest 29.5% share of non-transport bike sale in India, followed by Royal Enfield with 24.3%, Honda/Hero Honda at 13.7%, Suzuki at 11.2%, Bajaj and Ducati at 6% each, and Kawasaki at 5.3%.<sup>8</sup> Further, number of bikes on road in India (above 1000cc) rose from 100 units in the year 2007 to 773 bikes in 2011-12, which further grew to 9120 units in 2014-15. It was expected to record per annum growth between 80-100% in coming years.<sup>9</sup>

## Luxury Motorcycle/ Superbike Customers

A 2009 research of HD revealed that the luxury bike customer were almost entirely males in average age group of 25 years and with median income of nearly \$40000. Seventy-five percent of this segment have previously owned several bikes for commuting and were living in joint families with parents and were graduates and there were about 16 million individuals in this category in the year 2010.<sup>10</sup> As per Capgemini and Merrill Lynch Wealth Management's World Health Report, they belong to high net worth segment either individually or by family with at least US\$1 million in liquid financial assets. It is estimated that the growth (per cent) of this population was 20.8% in 2010 over 2009 in India.<sup>11</sup>

Gradually, interest for these bikes were spreading in wider age group in India. Persons aged 25 to 65 were jumping on for the "look and ride". Even consumers in smaller towns and non-metro cities were catching up in their desire for Cruisers and Sportsbikes as like that for luxury cars. Suzuki sold 286 of superbikes in 2011 compared to 212 units in 2010.

According to Sengupta (2012), 15% of that segment came from small towns as compared to 5% before.<sup>12</sup>

However, buyers had a number of issues also relating to owning these bikes. They needed to move their bike from the dealer towns to customers' location resulting into lack of trained mechanics, very high priced spares and service, non-availability of specialized fuel such as 97-Octane, improper roads with potholes and stray cattle, burden of transporting the bikes or flying the mechanics to have their bikes serviced.

## Polaris Bike Market in India

Polaris India launched Indian Motorcycle on 22 January, 2014. The first showroom was opened in Gurgaon in May 2014 with Chief Classic (INR 2.65 million), Chief Vintage (INR 2.95 million), and Chieftain (INR 3.3 million) ex-showroom prices respectively.<sup>13</sup> By 2020, company expected to offer its FTR 1200, Scout, Cruiser, Bagger, Challenger, Tourer along with accessories and apparels products.

## Target Market

The company knew that customer awareness was very low about the product though everyone who mattered in the motor cycle community knew what Indian was about. Mr Dubey commented "There is a very large base of customers already in place with 10 million motor cycles plying on Indian roads. Over a period of time, the income levels and aspiration will go up to be able to own high quality products". He opined that a section of population wanted to own a superbike to enjoy the thrill of riding a speed monster due to improved road infrastructure. Even

people in small towns were not far behind. Some of them were passionate about Indian brand and were already aware about the brand due to international exposure.

Further he felt that, "To that extent, Indian is the perfect product to meet this need. The customers we have today are high net worth individuals who want the best. They would like a lower price but do not mind paying more when they realise it is not possible."<sup>14</sup> The firm was clear that the product is not to be presented as mass product. Polaris need to think outside the box to satiate the craze for superbikes.

### **Polaris Marketing Strategy in India**

Mr Dubey, was expecting a ten per cent share for itself in projected growth of 40 to 50 per cent in Superbikes (over 1600 cc) segment in 2013-14 over the 2012-13 sale of 200 units.<sup>15</sup> Polaris claimed that they have been able to achieve its target of 10% of superbike market (1400 cc priced above INR 2 million) in 2014. He was also hopeful that Polaris will be able to achieve a growth of over 20 percent on year on year basis from the year 2015 for its iconic motorcycle brand 'Indian'.

### **Product and Brand Management**

Polaris brand 'Indian' was introduced with luxury features including ABS, cruise control, keyless ignition and aluminium frame. By 2015 Polaris was offering 6 models (sub-brands) of Indian bike brand with price range varying between INR 1.2 million to 3.5 million (ex-showroom price). Mr Dubey said in an interview that, "We are aiming to work out a low margin model so as to provide a quality product at a better price point"<sup>16</sup> to appeal to young buyers. It proposed to bring their brand 'Victory' for exclusive retailing. Emission norms were constantly revised in India.

The bikes were being imported as Completely Built Units (CBU). Polaris wanted to observe the market and was deliberately slow in increasing its activity. The company thought it wise to kick off the local assembly and expand the range in 3-5 years in spite of the fact that HD was offering models cheaper assembled in India. The current rate of custom duty was 75% on CBUs in India.

Polaris wanted to promote riding experience idea different from what competitors offered. It believed that the brand Indian represented the perfect balance of legendary heritage and brilliant latest engineering and technology. Polaris wanted to position the Indian above all superbikes available in the country.

### **Pricing**

The company did not adopt knocked down route to keep the cost down. They were aware that exchange rate and custom duty was an issue. Another issue was various centre and state tax laws in India. Since the Indian bikes

were directly imported, the final price was steep ranging between INR 1.2 and 3.5 million. Polaris was keeping low margins for themselves. Mr Dubey opined "We were not ready to do what competition was doing just to bring down costs."<sup>17</sup>

Polaris introduced the concept of the monthly lease rent. It was argued that it will work out 20% cheaper in cost than EMI in buying motorcycle. With the exception of insurance, everything will be included in the EMI. After 3 years the lessee will have the option of paying the residual value and owning the bike or to re-lease or return it. It has announced a tie up with Orix India to finance its models. Polaris also intended to make money over accessories and apparels.

### **Distribution**

By 2015, the dealers were appointed at Chandigarh, Bengaluru, Hyderabad, Chennai and Ahmedabad with a target to appoint 12 by the year 2016 for working as sales and service centre with a goal to be closer to the customers.<sup>18</sup> The company wanted to constantly increase the number of dealers at selected towns to grow sales at the rate of category CAGR or more. The delivery time initially was 3 months.

### **Promotion**

It was clear that customer awareness levels were very low about the product. It was believed that everyone who mattered in the motorcycle community knew what 'Indian' was about. The company had a plan to come out with participation in auto exhibition and sports events, display at airports, and placement in movies. Fan clubs and social media was to drive the awareness and preference for the brand. The rider was sale and percentage of sales as communication budget.

### **Competition**

Polaris was clear about dynamics of two-wheelers market where many established players were competing along with new entrants, both small and big. The established players were Bajaj, BMW, Harley Davidson, Yamaha Motor, Hero Motor Corp Ltd. Honda Motors Ltd., Kawasaki Heavy Industries Ltd., Piaggio, Suzuki Motor Corporation. The new entrants were China Jialing Industrial Company Ltd, Lifan Industry (Group) Company, Ducati Motor Holding SpA, S & T Motors Co Ltd etc. KTM and BMW Motorrad have formed partnership with Bajaj Auto and TVS Motors respectively. Rivalry among brands was severe. A few leading competitors' position is given below.

### **Harley Davidson (HD)**

HD was the leading brand in the superbike category. HD's hottest competition comes from four globally known companies: Honda, Suzuki, Yamaha and BMW.



It sold worldwide 118k units (650 ccs or more) in 2011. HD's success was a result of its commitment to refocusing its product development, reducing inefficiencies and reducing time to market. Its Harley Community was driving force even in India. Customers were ready to pay premium price for its old products. Higher quality and price place its strategy somewhere between differentiation and focused differentiation. HD acquired substantial sales from parts, accessories, clothing, general merchandise and other products like GPS navigator.

HD started its operations in 2009 in India and rolled out a Street 750 Cruiser priced under INR 0.5 million. During 2011 to 2013, it was able to establish its local assembly units in India including for its global leading model HD Street 750. By producing its products locally, company was able to control costs and hence achieved double digit growth and continued enthusiasm for the brand.

HD competitors in India were BMW, Suzuki, Honda and Yamaha. BMW and HD shared a similar brand image. Both compete intensely and fashion marketing strategies to appeal to HD's loyal hard core of customers. BMW in 2010 announced to start sales of 800+cc CBU bikes through dealers in Bengaluru, Delhi and Mumbai at price range between INR 1.8 to 3.3 million. Suzuki manufactures and sells bikes made for super sport, cruiser, off-road, motocross and dual purpose amongst others. Honda (world's largest engine supplier and market leader in bikes) has strong R&D and is popular in Asian market with economy bikes. Yamaha turned first to mobile marketing.

### **Royal Enfield**

Of late Royal Enfield (RE) has transformed into a lifestyle company, with smart brand promotion and some really competitive products. Blending retro-charm with modern technologies, RE has an expanding base of buyers seeking quality and excitement. RE added new plant with production capacity of 150,000 units per year. Its new products - The Thunderbird 350 and 500 Twins are with proper touring package. RE has offered factory-fitted kits replacing kits by independent mechanics. New models support a 20-litre fuel tank for greater range, bungee mounts to secure camping gear, a digital trip meter to keep a tab on distances covered, projector headlamps that make riding at night safer and most importantly, an improved rear disc brake.

### **Triumph**

British superbike brand Triumph entered India in November 2013 and priced between INR 0.57 million (Bonneville) to 2 million (Rocket) ex-showroom Delhi. It managed to sell 14 models across 5 broad categories of classic, cruiser, roadster, adventures and supersports in first year. Its strategy is to align its presence across strategic location, where it is assured to gain competitive advantage and generate strong brand presence. It is in the segment involving 500cc machine priced over INR 0.5 million. It is claimed that in particular segment the brand enjoyed 33% market share in 2015. The brand is being assembled at Manesar, Haryana.

### **DSK Benelli**

Italian brand DSK Benelli has rolled out its range of bikes (including tourers and superbikes)- tornado Naked Tre or TNT Superbike. Ex-showroom Bengaluru, TNT 300, 600 i, and 600GT 1 in engine capacity of 300 to 600cc constitute the mid segment based on pricing as low as under INR 0.3 million. TNT 899 price goes upto 0.97 million. Benelli was aiming at mid segment but ultimately will have a whole range from affordable machine to high end bikes. Right now other players were serving top end customer segment but it will gradually move to develop high-end products. It aims to sell 3000 units, 70% of which will be in the volume centric mid-segment and have set up assembly unit at Wai, Maharashtra with a CKD assembly capacity of 15 bikes a day for two brands Benelli and Hosung.

### **Strategic Concerns for Polaris India**

Mr Dubey wondered whether the steps followed by his company to establish and promote Indian bike will result into the impact he has in mind! Is it the right entry strategy for India? The company has never assigned value from a communication perspective; the focus has always been on the features, technology and luxury. The value is something the customers figure out. The "value luxury" positioning should work very well in "value conscious" India, but it has been eroded with Polaris's reputation of having high service and maintenance costs or total ownership experience. Can the positioning be therefore "driving experience"? Given the competition, he has come out with a sort of marketing-mix. Is it appropriate? What is the right time to introduce all models of Indian in India?

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# *Book Review*

## *Free Trade and Prosperity How Openness Helps Developing Countries Grow Richer and Combat Poverty by Arvind Panagariya. London: Oxford University Press, 2019*

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**Rajnish Shankhdhar\***

### **Prelude**

The book free trade and prosperity written by Arvind panagariya summarizes the background and development of International business in the emerging economies of Asia, South America and Africa, the book examines the free trade policies of these developing economies and identifies the macro economic reforms undertaken by them to become global nations, the book focuses to gather the implications of outward orientation policies adopted by such economies for national growth and prosperity, the author claims this as a big literature gap in the international business studies not undertaken so far, a full throated and focused defense of trade openness as applied in the developing countries has not been attempted to be studied before that this book aims to.

### **Message 1, Setting the Stage**

No Nation was ever ruined by trade, even seemingly the most disadvantageous ones

The author claims in this introductory chapter that trade development and economic reforms are the keys to any nations long term prosperity, assessing the east Asian nations the author states that meticulous reforms on macro economic issues by alert political regimes contributed vehemently in building the East Asian economies, the nations of Taiwan Singapore and South Korea realized that maintaining import substitution in labor intensive industries must be also supplemented by the reforms in capital intensive industries, this early and timely awareness led these nations to global advancement in trade and ameliorated lifestyle of their natives, The

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author further states that entire effort of these countries was geared towards replacing more and more imports by domestic production with the state playing the dominant role. Well calibrated interventions targeting specific sectors and infant industry and coordination of interrelated investment activities were primarily behind the success of these countries.

The author states that developing economies of India and South Korea are like an elephant and a Tiger. In 1960s both the economies grew at about 4 percent per year but unlike India, South Korea speedily shifted towards an export oriented policy in the early sixties while India under the leadership of Congress regime preferred an inward policy approach and self-sufficiency regulating foreign investment dominantly through license Raj. South Korea unlike India expanded the output of their labor intensive industries and displayed products at the global markets while accessing high quality inputs and latest technologies. Consequently the South Korean economy grew at an impressive growth rate of 9.5 percent while India barely at 3.4 percent in the 70s, though India focused more on import substitution but South Korea also added on the outward orientation complemented by macro-economic reforms.

### **Message 2, The Positive Case for Trade Openness**

The author here conceptually explains the theories of international trade and explains the emerging significance of Asian Tiger economies in Global trade, he elaborates the growing importance of foreign trade stating that with the expansion of domestic industries due to foreign trade reforms any economy can experience decline in manufacturing costs and refinement in product technology, as the industry expands the pool of skilled labor also grows enhancing the standards of input supply, this may also accelerate the pace of innovation benefitting the economy's global competitiveness.

Discussing the economies of scale the author quotes here the case of China that taking advantage of the large world market China has successfully built massive factories for electronic products and office equipment and brought down the unit costs of these products significantly providing specialization benefit to the rest of the world. China understood the post second world war era and found that major part of the world trade was not just in different products but also in the different varieties of the same product.

On the contrary due to an inward policy approach the author states that no country illustrates the high costs of disappearance of foreign varieties than India especially during the 60s, 70s and 80s, when the automobile market of India was similar to the global automobile market of 1950s with only fiat and ambassador, the losses were astronomical Indian garments were unable to compete in

the world market due to apparel manufacturers forced to use domestically produced cheap fiber.

Discussing the pro competitive effects of openness, the author expresses a profound argument that till the domestic players and manufacturers are not exposed to global entrepreneurs their performances cannot improve as happens in sports and world class entrepreneurship and because of closed global access both China and India initially in the early 50s and 60s were producing low quality domestic products as compared to the East Asia tiger economies which had opened earlier.

The author further states that open trade certainly leads towards technological diffusion leading to transfer of technology from highly industrialized countries to developing countries which has lately helped China emerged as a manufacturing hub, the author adds that many developing economies learned free trade tactics during colonial days when the British exploited the natural resources such as minerals that it found in the colonies, the British extracted the minerals exported it back to England and then imported finished products back to the colonies, this process exposed many developing economies to global trading and so their local players.

With the recent spurt in global financial markets the author also expresses concern on the exchange rate that the nations endeavor to maintain, any exchange rate devaluation which increases the price of the foreign currency in terms of the home currency can make exports products more attractive to foreign buyers, the author states that if trade liberalization is to be maintained and benefits reaped the exchange rate should be set at an appropriate level by the developing economies and reviewed regularly.

### **Message 3, The Infant Industry/Economy/Exporter, Argument**

Discussing the road to industrialization that the developing countries went through the author states that virtually all developing economies chose the path of import substitution industrialization in the immediate post second world war era which led towards domestic infant industry protection drive launched by the developing economies, the tiger economies focused more on industrial exports as compared to India and China, the Government in tiger economies encouraged foreign collaboration but provided protection to all domestic infant industries till they grew as mature adult learning from the foreign partnership.

Talking about the infant economy argument the author says that protectionism is required but should be maintained selectively only to those industries where immediate losses incurred during the learning phase are outweighed by the future gains reaped by them, the



moment we make explicit the mechanism through which the cost reduction spills over to new entrants the case for temporary import protection of infant industries collapses. The author holds the view that countries in the temperate zone with fully developed agriculture and dense population could progress further by introducing manufacturing and not just labor oriented production, the development of potential power to create wealth is more important than wealth itself in the longer run. The comfort of export subsidy provided to the infant industries can fail to uplift the standard of infant industries as such industries learn to get support of revenue to recover losses in the learning phase itself and seek support in selling low quality products at a lower price while collecting export subsidy, the author further narrates that countries like Singapore and China implemented strict reforms and abolished subsidies to those infant industries which failed to produce competitive products, in a scathing review of the book, “kicking away the ladder, development strategy in historical perspective” by Ha Joon Chang the author claims that in East Asian nations it is the domestic policies and institutions which contributed to favorable rapid growth more than the global policies for example the author quotes the case of Japanese government protecting the Toyota automobile from foreign competition in the early 1933, the Japanese Government high tariffs on auto imports kicked out foreign competitors such as General motors and Ford and 50 years later Toyota has become a global leader in automobile market, it is the importance of a capable national government launching a meaningful economic development for their developing nations in the longer run

#### **Message 4, Common Arguments for Protection**

The author states that government protection for industries must be controlled and conditional, the author questions that can an export subsidy alter the outcome and persuade early entrants to export high quality products, industries receiving subsidies would find it more attractive to sell the low quality product at a lower price while collecting the export subsidy, there is no compelling evidence linking that infant industry protection leads to rapid industrialization, the author here emphasizes the role of Japanese government by examining the book “Bad Samaritans, Rich nations and poor policies and the threat to the developing world” he states that at various points in time the Japanese government provided support to the automobile company Toyota and protected it from foreign competition even the foreign investment in early thirties was banned in automobile industry in Japan and Toyota was provided full support by the Japanese government to escape bankruptcy consequently Toyota emerged as a fierce competitor in the global auto market primarily because of

protectionism, in discussing a false analogy the author exclaims that as parents protect children and nurture them, nations must protect their infant industries against global competition but with time limit and strict performance, when discussing the issues of coordination externalities in the event of infant industry industrialization the author further states that if one million unemployed worker are taken from a land and employed into one industry and into a whole series of ancillary industries it would create its own additional market contributing towards expansion of the world output, in the global market many services that were once non traded have become tradable.

#### **Message 5, Trade Openness and Poverty**

The author here appreciates trade openness and growth as a tool to minimize global poverty, he states that it has been proved that if countries promote global trade and reduce trade barriers and can accelerate per capita income growth by 2 percent per annum it can improve its infra growth, employment rate and anti poverty programs, but unfortunately nations are struggling with trade barriers, the author states that free trade is state of no trade barriers while autarky is the state of no global trade, in the real world almost all nations are stuck between these two extremes and if countries execute liberal trade policies with appropriate adjustments in the exchange rate it can become as the least contentious reform, the author here examines a book titled “Export Oriented Development Strategies” written by Corbo Krueger and Ossa where he revealed that five conditions become conducive for any economy to sustain liberalization a stable macro-economic framework, an appropriate real exchange rate, timely financing for exporters, non-discrimination against savings and a free trade regime for exporters can build and take any economy towards global heights, Countries like India China South Korea and Taiwan did attempt micro reforms such as incremental domestic policies and land reforms but declining trade barriers have always accompanied sustained rapid growth, the author reminds the readers that China under Mao did attempt open land reforms in 60s and 70s but failed to deliver rapid growth because the overall policy framework was full of protectionism and anti-foreign growth motives, the author states that a critical factor of population growth has hindered economic performance to a great extent also he states that between 1985 and 2004 India’s population rose by 375 million to 1.1 billion which increased the absolute number of poor in India considerably and despite all sorts of trade openness India failed to maintain a sustainable reduction in poverty

#### **Message 6, Globalization has Bypassed the Global Core Poor**

The author expresses that Globalization benefits does not trickle down to the core poor because those lifted out



of poverty are often invisible but those remaining poor remain highly visible and trade liberalization works by moving workers from less efficient sectors into more efficient ones which takes time for economist to comprehend and finally most countries have geographically remote and hard to reach areas often inhabited by groups that are among the poorest consequently any positive impact reaches them only through targeted anti - poverty programs of the government but the irony is that the poorest of the poor lack resources even to access these programs, the author throws light on some developing economies and their trade imbalances, despite timely embracing globalization the developing economies of Africa like Kenya and Tanzania still struggled with internal poverty ,because many such nations failed to maintain macro- economic balances when dealing with Globalization, the author expresses that trade liberalization has played havoc on poor countries by causing stagnation or even sustained decline in real per capita incomes

#### **Message 7, Trade Openness and Growth**

Discussing the prospects of development as a result of trade openness the author explores that different countries have different economic conditions and availability of resources that delay economic growth as compared to other growing economies, the author states that volume of water flowing out of the tap per second depends on the water pressure and the extent to which the tap is open similarly growth in trade depends on the GDP growth and the extent to which the country is kept open to trade reforms honestly, if some key complementary policies such as exchange rate and macro- economic stability are missing even lower trade barriers may not translate into higher volumes of trade, different trade barriers removed will have different impact on different geographical terrains.

#### **Message 8, Trade Openness, Poverty and Inequality**

The author discusses that openness and liberalization on poverty can be divided into static and dynamic effects, in the static context tariff liberalization can result in loss of revenue adversely impacting redistributive payments to the poor for this reason economists usually advice on complimenting tariff liberalization with tax reform aimed at ensuring steady growth in tax revenue, the dynamic effects of trade liberalization which works through sustained rapid growth help lower poverty nation- wide, the rapid growth contributes to rising income of the poor , raising employment level and increased revenues coming from direct and indirect taxes, the author discusses recent analytical studies undertaken by Klaus deninger, Martin Ravillion and Shahua Chen who surveyed data for sixty seven countries between 1981 and 1993 , it was observed by author that income distribution moves very slowly relative to the change in per capita income, growth that

relies on rapid expansion of labor intensive industries deliver a large poverty reduction for each percentage point of growth than overall growth that is accompanied by rapid expansion of capital industries

South Korea and India in 1960s and 1990s offer contrasting experiences in the process of directly linking openness to poverty alleviation, the author also discusses the research of writers dollar and kray who found that trade significantly lowers poverty through increased growth but also has a small off setting poverty increasing effect through deterioration in the income distribution, the reason being different states in the same country has different mixes of industries therefore degree of protection in different states impact differently consequently also impacting poverty levels in different state differently . Discussing the importance of complementary national reforms during globalization the author states that it depends upon the policies of a nation that will complement towards poverty alleviation reforms , India's slow growth has happened because until two decades ago India exclusively reserved virtually all labor intensive products for small scale enterprises that had a maximum of 100,000 \$ investment in plant and machinery and found it unprofitable to operate in export markets as a result growth in the formal sector has been concentrated heavily in the capital and skilled labor intensive products, thus it caused much slower reduction in poverty in India than in China , the author expresses that there has been a consistent lack of complementary national reforms that led India towards a slower growth , lack of access to schooling, inadequate access of credit to poor, hijacking of subsidies by the affluent class, high default rates of loans etc. all caused poverty deterioration

#### **Message 9, Inequality has Become a Major Battle Ground**

The author states here that available measures of inequality globally are not comparable across countries due to differences in sample design and other data limitations, global economists judge the impact of liberalization on inequality by changes in the unskilled and skilled wage ratio

The author discusses that beyond growth and poverty, inequality is the third battle ground on which free trade critics wage their war, the author mentions here Gini Coefficient a statistical tool which can be deployed by nations to measure the distribution of income among the members of any given population. Equality and inequality between nations can also be measured with Gini coefficient and when applying the Co efficient in India the author did find that Bihar is the poorest state and kerala one of the richest but Bihar had the least inequality while Kerala had the highest inequality, issues of how wealth is acquired by a nation and how it is disposed cannot be understood by Gini Coefficient alone, the

author expresses that in developing countries bulk of the poor are in rural areas but the ratio of skilled and unskilled workers and their wage ratio is largely measured in the urban areas by global statistical organizations and that's how national wage movements exhibit rising inequality alongside trade liberalization, indicating concentration of wealth in urban pockets as happened in the case of India and China

The author digs deeper into rising inequality caused by trade liberalization and reasons out that rich and poor region within nations also cause migration of workers intra regionally contributing more towards regional inequality and this pattern is also observed between rich and poor nations globally where rich nations attract skilled workers from poor nations creating regional imbalance

The author here also mentions about the vitality of the macro economic reforms that any government must undertake to fasten up the speed of trade liberalization, discussing the Indian growth story the author states that the policies introduced by Prime Minister Indira Gandhi in the late 1960s and 1970s were against uniform globalization motives, Indira Gandhi imposed a virtual ban on foreign investment, limited the entrepreneurial activities of the successful firms, implemented marginal income tax rates exceeding 95 percent which caused little reduction in national poverty for the country over three decades, further social corruption and blocking of subsidies by rich farmers along with nepotism deteriorated the agricultural sector considerably in India

#### **Message 10, Miracles of Yesteryear; NIEs**

When discussing the economies of Hong Kong Singapore, Taiwan and the South Korea. (The NIEs), the author states that the Government in these nations were fully aware of the export potential and benefits of outward orientation reforms, in the case of Taiwan during early 1950s the Government made agriculture reforms and honestly introduced land reforms where lands were taken from large farmers and redistributed to small or landless farmers, Taiwan in late 1940s suffered inflation rate of about 1000 percent per year and the Taiwanese government launched new Taiwanese dollar backed by 100% reserves in Gold and silver and foreign exchange this helped down inflation considerably, further improved incentives following the land reforms led to increase in the Agricultural productivity. Taiwan also focused on to develop labor intensive industrial exports,

An important feature of Taiwan's import substitution policy missing from countries such as India and China was the emphasis on export oriented quality production, for example dissatisfied by the low quality of electrical bulbs in 1954 the Taiwanese government ordered 20,000 bulbs to be destroyed and threatened to liberalize imports

if the local firms did not improve the quality of export products, the Taiwanese government maintained dual policy approach firstly to push import substitution into capital intensive items and secondly seek export market for labor intensive products. With devaluation in the national currency the Taiwanese government also removed export controls, opened up foreign investments and provided tax holidays to promote investments, all in the late 1950s and adjusted exchange rate to uplift the economy to new heights,, the author expresses that until 1970 almost 42 percent of the trade items were in the controlled category of the Government which fell to 18.4 percent in 1972 and 3 percent by 1974., this early awareness of international business was commendable in Taiwan In 1965 export processing zones were opened up and availability of low interest credit through export loan program was initiated

The author clearly states that selective intervention providing a stable macro- economic environment by a credible government was the key to all NIEs progressing in global trade successfully, right from gaining independence from colonialism the NIEs deployed policy instruments to embrace global competitiveness, liberal financial reforms, impetus to manufacturing sector, Tariff reforms and exchange rate adjustments.

#### **Message 11, Miracles of Today, India and China**

This is one of the most interesting messages given by the author that economies of China and India are miracle economies of today

In the case of India the author expresses delight by making a statement that India has economically transformed from near autarky to near free trade. Discussing growth and poverty from 1951 onwards to 2012 the author talks about poverty ratio and GDP growth rate systematically narrating reasons of economic decline and government regulations, he states that after Nehru died in May 1964, the then Prime Minister Lal Bhadur Shastriji attempted to revive the economy and gave priority to agriculture, Shastriji laid the foundation of Food Corporation Of India, Agriculture price commission, National Dairy Development Board but unfortunately died in just one year of his rule, the author then discusses the disastrous regime of Prime Minister Indira Gandhi right from 1966 to 1984 when Indira nationalized banks, insurance companies, oil companies and mines tightening the command and control regime, Mrs Gandhi reserved the labor intensive products for small firms exclusively, gave the government the right to acquire vacant urban plots up to 2000 square meters in size, imposed license Raj and a 40 percent ceiling on foreign investment in any firm, the Government then maintained a Red Book on import policy where only actual users were permitted to import only, Indian residents were not permitted to hold any foreign

exchange under FERA, as a result imports of goods and services as a proportion to GDP fell drastically and even as late as 1990-91 foreign investment in India was a paltry 100 million, due to poor technology and quality virtually no Made In India products could be seen outside India, gradually with high deficits of foreign reserves, India then initiated liberalization devotedly from 1991, licensing was phased out and foreign investment ceiling was increased and as a result FEMA was introduced, the author discusses some important trade data where data's of GDP, foreign investment, software exports and remittances from abroad have been analysed and compared between 1991 and 2012 depicting significant increase and positive economic transformation, the author also credits the development of IT industry in India due to the high level of protectionism provided by Congress in early seventies as many software and hardware foreign companies could not enter the country due to 40% ceiling,

The author closely examines the nature of Globalization in China and comments that China's electronic export products have 80% of import content while the FDIs also increased from 27.5 billion in 1993 to 347.8 billion in 2013, the Ministry of foreign trade established foreign trade corporations (FTC) with considerable autonomy along several export products lines to capture global market share, this over all decentralization in China

contributed towards a very substantial expansion of foreign trade. From 800 foreign trade corporations in 1985 the number went up to 35000 in 2001, even the tariff levels at an average came down to 40 percent in 1993 and to 15 percent in 2001, this combined effect of reduced import licensing and lowered tariffs meant that by 2001 China became an open trade regime.

### **Conclusion**

The book is a fantastic read for business world who are keen to learn about globalization and exports analysis, the author points out to the fact that though import substitution and outward orientation reforms are vital for any nations Global growth, the business acumen of the national government and the administering reforms must also correspond accurately, for any nation to emerge as global business nation the factors of production must correspond positively towards national reforms. The decades immediately following the Second World War western economies embraced trade liberalization and today the liberalization has trickled down to even the most remote developing nations. Currently even most of the African countries are highly open economically exhibiting the triumph of free trade along with the vast majority of developing and the Eastern bloc countries. The author claims free trade is like oxygen the benefits are ubiquitous and not noticed till they are no longer there.

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