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Impact of Demonetization on Indian Economy

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Abstract

Demonetization was targeted towards tackling black money, corruption and terrorism and the cash that would be extinguished would be "black money" and hence, should be rightfully extinguished to set right the perverse incentive structure in the economy. A couple of months after India's 70th Independence Day, Prime Minister Narendra Modi launched a surprise attack on Indians which means that Indians, who had stock of notes with the denomination of Rs 500 and Rs 1000 were suddenly strapped for cash as they could not use the amount anywhere. Therefore, it is imperative to evaluate the short run and medium-term impacts that such a shock is expected to have on the economy. Further, the impact of such a move would vary depending on the extent to which the government decides to remonetise. This paper elucidates the impact of such a move with its positive and negative areas.

Introduction

Demonetisation is a process by which a series of currency will not be legal tender. The series of currency will not acceptable as valid currency. The same thing happens with the Rs. 500 and Rs. 1000 note demonetization. There can be many causes of demonetisation in any economy like introduction of new currency ,black marketing, currency storage, corruption and others. Excess of fake currency in the economy is one of the main reason of demonetisation.

Prime Minister Narendra Modi on 8th November 2016 launched a surprise attack on Indians when he out of the blue announced that all notes of Rs 500 and Rs 1000 would be pulled from the market right from the stroke of midnight and the issuance of new 500 and 2,000 banknotes of the Mahatma Gandhi New Series in exchange for the old banknotes. This meant that Indians, who had stock of notes with the denomination of Rs 500 and Rs 1000 were suddenly strapped for cash as they could not use the amount anywhere. The purpose of action was to fight terrorism funded by counterfeit notes. The Reserve Bank of India stipulated a window of fifty days until December 30, 2016 to deposit the demonetised banknotes as credit in bank accounts.

Black Money

In India, **black money** refers to funds earned on the black market, on which income and other taxes have not been paid or which is the proceeds of criminal activity such as bribery, kick backs and corruption. The total amount of black money deposited in foreign banks by Indians is unknown.

Demonetization may wipe out the present stock of black money held in cash from the economy but cannot eliminate the ill-gotten wealth converted into assets such as gold and real estate. However, the industry body has suggested measures like lowering stamp duty on property transactions to tackle the menace.

It is very difficult to separate black money from white money because distinction is not once-and-for-all. At one stroke the Prime Minister has choked the supply of black money stacked inside the country. Of the Rs 17 lakh crore of total currency in circulation in the country, black money is estimated at mind-boggling Rs 3 lakh crore. Black money is nothing but a plunder of the nation. Black money operators run a parallel economy which shakes the very foundation of the Indian economy. With Modi's demonetisation move, all domestic black money will either be deposited into the banks with heavy penalty or be simply destroyed.

Demonetization History and Background In India

This is not The First time When Indian Currency is Demonetized In India. The first instance was in 1946 and the second in 1978 when an ordinance was promulgated to phase out notes with denomination of Rs 1,000, Rs 5,000 and Rs 10,000. The highest denomination note ever printed by the Reserve Bank of India was the Rs 10,000 note in 1938 and again in 1954. But these notes were demonetized in January 1946 and again in January 1978, according to RBI data. Rs 1,000 and Rs 10,000 bank notes were in circulation prior to January 1946. Higher denomination banknotes of Rs 1,000, Rs 5,000 and Rs 10,000 were reintroduced in 1954 and all of them were demonetized in January 1978. The Rs 1,000 note made a comeback in November 2000. Rs 500 note came into circulation in October 1987. The move was then justified as attempt to contain the volume of banknotes in circulation due to inflation.

Purpose/ Need For Demonetisation

High denomination notes are known to facilitate generation/ circulation of black money . Total number of bank notes in circulation rose by 40 percent between 2011 and 2016 • Increase in number of notes of INR 500 denomination was 76 percent and for INR 1,000 denomination was 109 percent during this period • Infusion of new series bank notes will be monitored and regulated by RBI • The World Bank in July, 2010 estimated the size of the shadow economy for India at 20.7 percent of the GDP in 1999 and rising to 23.2 percent in 2007 • A parallel shadow economy corrodes and eats into the vitals of the country's economy resulting in: –Inflation adversely affects the poor and the middle classes –Depriving the Government of its legitimate revenues –Forged cash used to fund terrorist activities against India. Accordingly, steps have been taken to demonetize the high denomination notes and help to: 1. curb financing of terrorism through the proceeds of Fake Indian Currency Notes (FICN) 2. curb the use of FICN funds for subversive activities such as espionage, smuggling of arms, drugs and other contrabands into India, and 3. for eliminating Black Money which casts a long shadow of parallel economy on our real economy

Review Of Literature

1) IMPACT OF DEMONETIZATION ON INDIAN ECONOMY {CMA Jai Bansal} (1january 2017) he find in his study that The present study shows the impact of Demonetization on Indian economy‘s different sectors. GDP of Country slightly low down as compare with the previous year but we cannot be predicted that it will be remain same in the future year also.
2) DEMONETISATION AND ITS IMPACT ON INDIAN ECONOMY "{NITHIN KUMAR S1 & SHARMILA2}(12 December 2016) they find in his study that the Demonetisation in Indian economy is having negative impact on the different sectors of

the economy. Mostly of the negative effect are short run effects and all these effects may get solved when the new currency notes are widely circulated and distributed in the economy and market.

Objectives

To analyze that is the impact of Demonetization on Indian Economy whether it is failed results in fall of economy condition of India or it is successful resulted in achieving the objective of Demonetization

Research Methodology

The study is based on descriptive and comparative research design. The data is secondary in nature which has been compiled from AMFI quarterly report, committee reports and related website. The other source encompass magazines like Economic times, Business standard, Economic survey of banking in India, Banking financial market etc. various journals, research papers, text books, articles have been consulted as a source of secondary information.

Positive Effects

Demonetisation will have a huge resultant effect on the Indian economy. The clean-up of illegal cash will help turn around the economy.

First, it will bring more borrowings to the exchequer, improve inflation outlook and increase India's gross domestic product (GDP). Second, it will revive investment opportunities and give a fillip to infrastructure and the manufacturing sector.

Since all the money is coming back to banking channel, will result in lowering of Interest rates for loan, which would help infrastructure companies to invest more hence whole economic cycle would start resulting in humongous number of jobs.

Real estate cleansing-real estate is an industry built on black money. The extent of black money floating around in the sector is huge. According to an estimate at least 40 per cent of real estate transactions in Delhi-NCR are in black. Modi's demonetisation move will curtail the flow of black money into the real estate sector. This will help in making the much needed correction in the sector.

Note bank politics: In the run up to the crucial assembly elections in Uttar Pradesh, Punjab, Goa and Uttarakhand, Prime Minister Modi’s demonetisation announcement has come as a shock and awe for the political parties and politicians for whom black money is a lifeline. The pulling out of the old Rs 500 and Rs 1,000 currency notes will help make the election process clean and transparent. But it has brought tough times for the political parties and politicians who believe in the idea of purchasing votes in exchange for notes. That is precisely the reason a rainbow coalition of a galaxy of regional parties and the Congress is building up against Modi, because their political interests are badly hurt.

Maoism: Maoist sympathizers call Modi’s demonetization move an “undeclared financial emergency”. There are reasons to it. Demonetization has hit the Maoists and their movement hard.

Radical groups

Hawala- Demonetization has crippled the hawala rackets. Hawala is a method of transferring money without any actual money movement. Hawala route is used as a means to facilitate money laundering and terror financing. Hawala rackets run against on black money. With black money suddenly being wiped out of the market, thanks to demonetization, hawala operations have come to a grinding halt. According to an India Today report, one of the hawala operators in Mumbai has destroyed currency notes worth about Rs 500 crores and many businesses men are declaring their black money as income and paying taxes.

Negative Effects

Cash shortage

Cash shortage is one of the impact and big problem that faced by the public in india as well as foreigner residing in india. As 86% of currency is striped off, this will lead to a cashless economy. Public are facing problem in short run but having cash less economy has its own advantage. Transaction will be more transparent and it will eliminate the intermediaries

Deaths- Several people were reported to have died from standing in queues for hours to exchange their old banknotes.

Deaths were also attributed to lack of medical help due to refusal of old banknotes by hospitals.

Stock market crash- Stock market crash

As a combined effect of demonetization and US presidential election, the stock market indices dropped to an around six-month low in the week following the announcement. The day after the demonetization announcement, BSE SENSEX crashed nearly 1,689 points and NIFTY 50 plunged by over 541 points.

By the end of the intraday trading section on 15 November 2016, the BSE SENSEX index was lower by 565 points and the NIFTY 50 index was below 8100 intraday.

Transportation halts- After the demonetization was announced, about 800,000 truck drivers were affected with scarcity of cash, with around 400,000 trucks stranded at major highways across India were reported.

While major highway toll junctions on the Gujarat and Delhi-Mumbai highways also saw long queues as toll plaza operators refused the old banknotes.

Nitin Gadkari, the Minister of Transport, subsequently announced a suspension of toll collections on all national highways across India until midnight of 11 November, later extended until 14 November and again until midnight of 18 November, and yet again till 2 December.

Agriculture- Transactions in the Indian agriculture sector are heavily dependent on cash and were adversely affected by the demonetization of ₹ 500 and ₹ 1,000 banknotes.

Due to scarcity of the new banknotes, many farmers have insufficient cash to purchase seeds, fertilizers and pesticides needed for the plantation of rabi crops usually sown around mid-November.

Farmers and their unions conducted protest rallies in Gujarat, Amritsar and Muzaffarnagar against the demonetization as well as against restrictions imposed by the Reserve Bank of India on district cooperative central banks

Banking- A State Bank of India branch remained open at night, and a long queue of people waited outside the ATM to withdraw money

In the first four days after the announcement of the step, about 3 trillion (US$45 billion) in the form of old 500 and 1,000 banknotes had been deposited in the banking system and about 500 billion (US$7.4 billion) had been dispensed via withdrawals from bank accounts, ATMs as well as exchanges over the bank counters. Within these four days, the banking system has handled about 180 million transactions.

The State Bank of India reported to have received more than 300 billion (US$4.5 billion) in bank deposit in first two days after demonetization.

Business- By the second week after demonetization of 500 and 1,000 banknotes, cigarette sales across India witnessed a fall of 30–40%, while E-commerce companies saw up to a 30% decline in cash on delivery (COD) orders.

Several e-commerce companies hailed the demonetization decision as an impetus to an increase in digital payments. They believe that it would lead to a decline in COD returns which is expected to cut down their costs.

The demand for point of sales (POS) or card swipe machines has increased.

E-payment options like PayTM and PayUMoney has also seen a rise.

Income tax raids and cash seizures- The Finance Ministry instructed all revenue intelligence agencies to join the crackdown on forex traders, hawala operators and jewellers besides tracking movement of demonetised currency notes.

Railways- As of November 2016, Indian Railways did not have the option to make payment with cards at the counters. After the demonetisation move, the government announced to make card payment options available at railway counters in the country.

Conclusion

Central government's recent decision to demonetize the high value currency is one of the major step towards the eradication of black money in India. The demonetization drive will affect some extent to the general public, but for larger interest of the country such decisions are inevitable. Also it may not curb black money fully, but definitely it has major impact in curbing black money to large extent. Demonetization is an established practice in monetary policy to tackle black money. Demonetization is also going to have a habit changing effect on citizens. They will rather keep their money in bank than at home. This will boost bank's CASH ratio, reduce the cost of funds and b help bank's NI margin. Improved tax revenues and deposits, helping both banks and government to get better returns on its investments (like lending, infrastructure, etc…).

Demonetization will slow down growth rate in short term and medium term because people have less money in hands. So demand is low, that is why it is hampering our growth rate. But as soon as people get money, markets will be back on track.

India is a cash based economy and demonetization will temporarily decrease liquidity in this economy. Decreased liquidity will lead to decreased demand which will result in decreased productivity causing a slowdown in consumer market.

People have panicked due to sudden demonetization. This will force them to save and store more money. Thus decrease in demand leading to slowdown in consumer markert.

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Effect of Macro-Economic Variables on Economic Growth

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Abstract

This study examines the effect of Macro-Economic Variables on the Economic Growth. There are various indicators which represent economic growth. There are various Macro-Economic variables which has an effect on economy in India. In present study GDP has taken as the proxy of economic growth. with the help of various independent variables which include Exchange rate, Inflation, IIP and Money Supply. In this study we had taken the data from 2004-2005 to 2015-2016 from the secondary sources. The effect of Macro-Economic variables on Economic Growth is measured with the help of Simple Linear Regression and Multiple Regression. In this study the result revealed that Money Supply have a positive but significant contribution on Economic growth and on other hand, we observed that Exchange rate and IIP has Positive but insignificant contribution and in other case of Inflation it has Negative but significant contribution on Economic Growth.

Keywords: *Macro-Economic variables, Inflation, Exchange rate, IIP, Money Supply and GDP (Economic Growth)*

Introduction

Economic growth is considered as an increase in the economy's capacity to produce the goods and services, compared from different period of time. Economic growth can be measured with the help of variables such as Inflation, Exchange rate, Money supply, Index of Industrial Production (IIP). From the various studies we founded that, Exchange rate and Money supply has a positive effect on Economic Growth. From the various studies we founded that there are various Macro-Economic factors which effect the economic growth of India positively or negatively. The various factors which we had considered as economic indicators are: Inflation, Exchange rate, IIP and Money Supply. Exchange rate thus mainly effect the import and export trading in n economy. Thus we can say that as the exchange rate increases there is no growth faced in an economy. India has one of the fastest growing service sectors in the world. The economy of India is currently the world's fourth largest economy. According to Exam Pariksha.com it is found that Indian economy growth rate is approximately 7 to 8 % by year 2015-2016.

Conceptual Framework

Inflation

Inflation thus basically refers to rise in prices. It may be defined as increase in the general price level of goods and services in an economy. There can be both positive and negative effect of inflation on economy. It refers to the sustained increase in the price level. When the level of currency of a country exceeds the level of production inflation takes place. Inflation takes place when general price level rises, each unit of currency buys fewer goods and services.

Exchange Rate

Exchange rate thus refers to the value of one currency into the conversion of another. Exchange rate thus means the price of a currency per unit to be exchanged with the currency of the another nation. The amount of foreign currency that can be bought for one's own currency is called the exchange rate of that currency. Exchange rate between the two currencies is the rate at which one currency will be exchanged for the another.

Money Supply

Money supply is the total amount of monetary assets available in an economy at a specific time. It is a total amount of money in existence of the country. It is the entire stock of currency and other liquid instruments circulating in a country's economy as of a particular time. The total stock of money circulating in an economy. It involves currency, printed notes, money in deposit accounts and in the form of liquid assets.

IIP

The Index of Industrial Production (IIP) is an index for India which details out the growth of various sectors in an economy such as mining, electricity and manufacturing. The all India IIP is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products during a given period with respect to that in a chosen base period. It is an economic indicator that is released monthly by Federal Reserve Board.

GDP

GDP is the sum of gross value added by all the people who produces in the economy plus any product taxes and minus any subsidies. GDP is the market value of all the goods and services produced in a particular period of time. The market value of all final goods and services produced in a nation during a period of time, usually a year.

Literature Review

Kasidi and Mwakanemela, (2013) conducted a study to find out the effect of inflation rate on the economic growth in Tanzania. To found the effect, the stationary test carried out using pp (phillips-perron) test and augmented dickey-fuller technique. Result of unit root indicated that both variable which are used in the model were stationary after 1st difference. The result, which is came out from the regression analysis manifested that there is a negative impact of inflation on economic growth in Tanzania.

Barrow (2013) he used the data of 100 countries (1960-19990) to estimate effect of inflationary rate on economic growth. He used method of regression equation, in which he holded the other determinants of growth rate constant. He found in his study that the effect of inflationary rate on the economic growth are significantly negative. an increase in the average inflation per year is estimated to lower the growth rate per year.

Sultan and shah (2013) conducted a study to see the existence of relationship between inflation & economic growth. They had taken as sample data for the period (2005-15) and to analyse the data they used the method of linear regression and correlation. After analysing the data, they found the moderate & significant economic growth and inflationary rate relationship, which present in the Pakistan's economy.

Enu, Obeng And Hagon,(2013) defined in this study, relationship between inflation and GDP in Ghana. They analysed the data from 1980-2012. They used methods like simple linear regression, scatter plot and correlation analysis using OLS. All three approaches certified that the relationship between inflation and GDP is strongly negative. This signalized that as inflation increased, GDP growth rate decrease

Adeniran, yusuf and Adeyemi (2014) to see the effect of exchange rate on GDP, he carried the sample data from the period 1986 to 2013. To see the effect, they used correlation and regression analysis of OLS (ordinary least square). The result manifested that there is the positive effect of exchange rate on GDP but not significant.

Habib, Mileva & Stracca (2016) Found the impact of changes in real exchange rate over economic growth. The study involved the use of regression analysis, J test and standard deviation. It was concluded that exchange has an impact on growth only in case of developing countries but lesser in developed ones.

Gadanecz & Mehrotra determined the relationship between the exchange rate and growth rate. This study includes the standard deviation of changes in monthly rates. It concluded that there is no strong link between exchange rate and growth.

Harberger (2003) identified any particular linkage between economic growth with change in real exchange rate. It involved study of Balassa-Samuelson effect, coefficient of GDP variable and regression analysis. It was concluded that there is not much impact on real exchange rate to either increase or decrease in times of rapid economic growth.

Fulop, Gyomai (2012) make out a relationship between IIP and growth rate. This study involved correlation and standard deviation at 6 months. This study concluded that there is a close relationship between IIP and economic growth (GDP).

Ikechukwu (2010) determined a relationship between the money supply and economic growth. This study involved t test, f test, normality test for finding out the conclusion. It concluded that there is a positive and significant relationship between the money supply and economic growth.

Ogunmuyiwa and Ekone (2010) investigated the effect of money supply over economic growth in Nigeria. Sample data from 1980-2006 were taken by them. They applied various economic technique like- O.L.S.E, E.C.M to time series data and casualty test to find the effect. The result, which came out from the study revealed that there is a positive relationship between economic growth and money supply.

Objectives of Study

- To check the impact of Exchange rate on Economic Growth (GDP).
- To check the impact of IIP on Economic Growth (GDP).
- To check the impact of Money Supply on Economic Growth (GDP).
- To check the impact of Inflation on Economic Growth (GDP).
- To check the impact of Macro economic variables (Exchange rate, Inflation, IIP and Money Supply) on Economic Growth (GDP)
- To open new vistas for further research

Research Methodology

The study was causal in nature. The relationship between GDP, proxy of Economic growth and macro-economic variables (Exchange rate, Index of industrial production, Money Supply, Inflation) were examined. The population of study was Indian Economy. Exchange rate, IIP, money supply and Inflation of India were the sampling element. The time frame of study is from 2005-06 to 2015-16. Data was collected from official website of RBI. Quarterly data series was taken for the study purpose.

Tools for Data Analysis:

- Simple Linear regression test was applied to check the impact of individual independent variable (Exchange rate, IIP, Money Supply and Inflation) on Economic Growth
- Multiple Regression test was applied to check the impact of Macro economic variables on Economic Growth using PASW 18.
- Normality of residuals was tested through Shapiro-wilk test.

Null Hypothesis:

$H0_1$: There is no impact of Exchange rate on Economic Growth.

$H0_2$: There is no Impact of IIP on Economic Growth.

$H0_3$: There is no impact of Money Supply on Economic Growth.

$H0_4$: There is no impact of Inflation on Economic Growth.

$H0_5$: There is no impact of selected Macro economic variables on Economic Growth.

Results & Discussion

Simple Linear Regression

Simple Linear regression test was applied to establish the relationship between each independent variable with Dependent variable i.e. GDP using PASW 18.

Independent Variables	R square	F	Sig	Beta	t	Sig.
Exchange Rate	.737	129.176	.000	642.115	11.366	.000
IIP	.264	16.465	.000	-32.739	-4.058	.000
Money Supply	.860	283.729	.000	.190	16.844	.000
Inflation	.899	330.285	.000	106.260	18.174	.000

The above table represented the simple linear regression model for each independent variable.

Exchange rate: The value of R square is .737 which shows there is a 73.7% variance in GDP is explained by exchange rate. The F- statistics determines the value 129.176 at .000 level of significance which states that exchange rate model is good fit. The t-value of exchange rate is 11.366 at .000 level of significance which is less than 0.05 level of significance which indicates that exchange rate has positive and significant contribution on GDP. So null hypothesis ($H0_1$) is rejected that there is significan$_t$ impact of exchange rate on GDP

IIP: The value of R square is .264 which shows there is 26.4% variance in GDP. The F-statistics determines the value 16.465 at .000 level of significance which states that IIP model is goodness of fit. The t-value of IIP is -4.058 at .000 level of significance which indicates that IIP have negative but significant contribution on GDP. So null hypothesis ($H0_2$) is rejected that there is a significant impact of IIP on GDP

Money Supply: The value of R is .860 which shows there is a 86.0% variance in GDP. The F-Statistics determines the value 283.729 at .000 level of significance which states that the Money Supply model is goodness of fit. The t-value of Money Supply is 16.844 at .000 level of significance which indicates that Money Supply has Positive and significant contribution on GDP. So null hypothesis ($H0_3$) is rejected that there is $significan_t$ impact of Money supply on GDP

Inflation: The value of R is .899 which shows there is 89.9% variance in GDP. The F- Statistics determines the value 330.285 at .000 level of significance which states that the Inflation model is goodness of fit. The t-value of Inflation is 18.174 at .000 level of significance which indicates that Inflation has positive and significant contribution on GDP. So null hypothesis ($H0_4$) is rejected that there is $significan_t$ impact of inflation on GDP

Normality of Residuals

Null Hypothesis(H0): The data has normally distributed.

Variables	**Kolmogorov-Smirnov**
Exchange Rate	.054
IIP	.135
Money Supply	.200
Inflation	.200

K-S test was applied to check the normality of residuals. The significant value in all cases are greater than 0.05 it indicates that the data is normally distributed so, the null hypothesis is accepted that the data is normally distributed.

Multiple Regression

Model Summary[b]					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.959[a]	.920	.913	1794.85408	1.247
a. Predictors: (Constant), INF, IIP, ER, MS					
b. Dependent Variable: GDP					

In the above table, R is representing the coefficient of correlation. It shows degree and direction of the variables among each other. The coefficient of correlation's range is between -1 to +1. For multiple regression Adjusted R square is used to determine the variances. The Adjusted R square's value is 0.913 that shows the independent variables which includes Inflation, Exchange rate, IIP, Money supply indicates 91.3 % variances in GDP. This indicates that 1% change in the independent variables will lead to 91.3% change in GDP. The Durban Watson value lies between 1 to 3. Here, Durban Watson value is 1.247 i.e. it lies between 1 to 3. Thus, there is no autocorrelation among the variables.

ANOVA[b]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.602E9	4	4.006E8	124.342	.000[a]
	Residual	1.385E8	43	3221501.173		
	Total	1.741E9	47			
a. Predictors: (Constant), INF, IIP, ER, MS						
b. Dependent Variable: GDP						

The ANOVA table indicates the good fit of the model. To find out the significance of model undertaken by F statistics determines the value 124.342 is found to be significant at 0.000. As the significance of model is less than 0.5 level of significance thus the model is good fit.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	15945.085	6237.547		2.556	.014
	ER	56.802	89.349	.076	.636	.528
	IIP	2.801	4.173	.044	.671	.506
	MS	.381	.048	1.857	7.914	.000
	INF	-207.598	41.192	-.998	-5.040	.000
a. Dependent Variable: GDP						

The coefficient table indicates the impact of independent variables on the dependent variables. The t-value of exchange rate is found .636 at .528 level of significance and the t-value of IIP is found to be .671 at .506 level of significance thus it indicates that the exchange rate and IIP have Positive and insignificant contribution on GDP. On the other hand, we analyse that the t-value of Money Supply is found to be 7.914 at .000 level of significance. It means that Money Supply has positive and significant contribution to the GDP. In another case, we analysed that the t-value of Inflation is found to be -5.040 at .000 level of significance which shows that Inflation has negative and significant contribution to the GDP. Hence, the null hypothesis ($H0_5$) stated that there is no significant impact of macro economic variables on GDP is rejected.

Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	.105	48	.200*	.961	48	.114
a. Lilliefors Significance Correction						
*. This is a lower bound of the true significance.						

In this study we had taken 12 years data as a sample which we had divided in quarterly form. It means the size of the sample data is 48 which is more than 30. Thus, we see the Kolmogorov-smimov value in test of normality table. Thus, the level of significance is .200 which is more than 0.05 level of significance. Thus we can say that data is normally distributed.

Limitations of Study

The study we conducted has few limitations which are as follows:

- We have taken only few variables for our study.
- We have taken only 10 years data for our study from 2005-2006 to 2015-2016 .
- We have conducted the study only on India.

Suggestions

- We can take more variables for our further and comprehensive study.
- We can take more years of data for our study.
- We can conduct the study of other countries as well.

Conclusion

This study examines the effect of Macro-Economic Variables on the Economic Growth. There are various indicators which represent economic growth. As multiple regression is applied it shows the combined effect on the independent variable as it shows the negative effect on inflation and as simple linear regression shows the independent effect on the variables as it shows the positive effect on the Inflation. There are various Macro-Economic variables which has an effect on economy in India. In present study GDP has taken as the proxy of economic growth. with the help of various independent variables which include Exchange rate, Inflation, IIP and Money Supply. In this study we had taken the data from 2004-2005 to 2015-2016 from the secondary sources. The effect of Macro-Economic variables on Economic Growth is measured with the help of Simple Linear Regression and Multiple Regression. In this study the result revealed that Money Supply have a positive but significant contribution on Economic growth and on other hand, we observed that Exchange rate and IIP has Positive but insignificant contribution and in other case of Inflation it has Negative but significant contribution on Economic Growth.

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A Sector Wise Analysis of Working Capital Management and Profitability of NSE Listed Manufacturing Companies in India

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Abstract

Business is expanding at a tremendous pace in the current era with the changing needs of the society. It plays a pivotal role in the formation of capital of a country and considered as important as the blood in human body. Therefore, it is necessary for every business organization to manage the capital formation efficiently and effectively. Therefore, this research paper aims to identify the impact of Working Capital of manufacturing firms on its Profitability. For these 10 manufacturing companies of India covering almost all the manufacturing field was taken as the sample of our study. Linear Regression model was applied and it was found that Working capital significantly affect the Profitability of the firm.

Keywords: *Working Capital and Net Profit.*

Introduction

The capital of a business which is used in daily basis trading operations which is calculated when current assets minus the current liabilities **(**WC= CA-CL). Working capital is also called operating assets or net current assets .The main purpose of working capital is to confirm the most financially efficient operation of the company and to make sure that the company always maintains sufficient cash flow to meet its short-term operating cost and short term debt applications .Working capital management is a very significant component of corporate finance because it directly affects the liquidity and profitability of the company. So it is possible to say that working Capital can be treated as lifeblood of the firm and its effective management can assure the success. It differs from one firm to another that how much working capital is needed by them. Therefore Working capital and profitability both the term are related to each other and any changes in working capital of a firm will surely make

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some changes in net profitability of the firm .In this study, we analyses the impact of working capital on the firm's profitability of NSE listed manufacturing firms .

Literature Review

Barot Haresh (2012) examined the impact of Working Capital Management on profitability of pharmaceuticals firms and this study focused on the firms listed in CNX Pharma index of national stock exchange of India. They applied Regression analysis as a tool. Results indicated that there is negative relationship between accounts receivables and corporate profitability and on other hand a positive relationship between accounts payable and profitability so it has been concluded that profitability can be enhanced if firms manage their working capital in a more efficient way.

Nyamweno and Olweny (2014) investigated the affect of working capital management on the performance of that firms which are listed at the Nairobi Securities Exchange in Kenya..The main objectives of the study is to found the effect of working capital management on performance of firms which are listed at the Nairobi Securities Exchange and to examine the effect of cash conversion cycle, the effect of days of accounts payables , the effect of days of accounts receivables and the effect of days in inventories on profitability of firms listed at the NSE. After applying regression analysis results indicated that the days in account receivables & cash conversion cycle have an indirect effect on firms profitability but this is not significant so by shortening collection period and cash conversion cycle firms may increase their profitability and on other hand days in account payables & Days in inventory have a compelling and direct effect on firms Gross operating profit.

Nzioki et al.(2013) examined the effect of working capital management on the profitability of manufacturing firms listed on the Nairobi Securities Exchange .To investigate the relationship between average collection period and profitability of listed manufacturing firms, To determine the relationship between inventories turnover in days and profitability of listed manufacturing ,To maintain the relationship between average payment period and profitability of listed manufacturing firms and to examined the relationship between cash conversion cycle and profitability of listed manufacturing firms are the main objectives of this study . They applied multiple regression and correlation analyses to decide the relationships between working capital management component & the gross operating profit of the firm's .Results indicated that profitability of manufacturing firms depends on effective working capital management, Gross operating profit is also positively related with average collection period and average payment period. They revealed that there is a relationship between the components of working capital which were indicated that effective working capital management put a great impact on profitability.

Oladipupo and Okafor (2013) made an attempt to study the indication of a firm's working capital management practice on its profitability & dividend payout ratio. For analysis they applied Pearson product moment correlation technique & ordinary least square (OLS) regression technique. It has been concluded that there is a positive relationship between working capital management and dividend payout ratio shows that good working capital management would lower the dividend payout ratio. Thus, effective working capital management is sine which is cooperating with profitability as well as the dividend payout ratio.

Bokpin (2011) made an attempt to study the cooperation between ownership structure, corporate governance and dividend performance on the Ghana Stock Exchange (GSE). They collect the data from 2002 to 2007 for 23 firms were examined within the framework of fixed effects techniques. The study also shows that foreign share ownership importance and positively domination dividend payment among firms on the GSE. They found board size to have a positive effect on the dividend payment among corporate governance variables but they didn't find a convincing relationship between inside ownership, CEO duality, board independence, board intensity and dividend performance. The results indicated that highly leveraged firms will powerfully reduced dividend payments that mean age and income volatility were found to be significant determinants of dividend performance on the GSE.

Mwangi et al.(2014) examined the effect of working capital management on the performance of non-financial companies which was listed in the Nairobi Securities Exchange (NSE), Kenya. They applied panel data models means random effects and Feasible Generalised Least Square (FGLS) regression analysis for results. After applying test they find that an destructive financing policy put a positive effect on return on assets & return on equity and with these a conservative investing policy was founded to effect the performance positively. They also recommended that managers of listed non-financial companies should adopt an destructive financing policy and a conservative investing policy should be applied to enhance the performance of non-financial companies listed in the NSE, Kenya.

Makori and Jangogo (2013) investigated the affect of working capital management on firm's profitability in Kenya. The main objectives of the study is to analyses the relationship between working capital management and profitability of manufacturing or construction firms listed on the Nairobi Securities Exchange (NSE) and To maintain the relationship between working capital management & firm's profitability .They applied Pearson's correlation and Ordinary Least Squares regression models as a tool . Results shows that there was a negative relationship between profitability and number of day's accounts receivable and cash conversion cycle but they also finds a positive relationship between profitability and number of days of inventory and number of day's payable.

Charitou et al. (2010) studied the effect of working capital management on firm's financial performance in an emerging market. They applied multivariate regression analysis as a tool for the results . Results indicated that the cash conversion cycle and all its major components means days in inventory, day's sales outstanding and creditors' payment period were associated with the firm's profitability.

Kaur and Singh (2013) investigated the working capital performance of manufacturing companies which were listed in BSE. The main objectives of the study were to analyses the companies that excelled in managing their working capital based on Cash Conversion Efficiency, Days Working Capital, Days Operating Cycle companies and amongst their respective industries, to found benchmark firms in each industry and to made improvements in each of the value and to identify and test the relationship between the working capital performance & profitability of sample firms and industry. They tested the relationship between the working capital score and profitability measured by Income to Current Assets and Income to Average Total Assets. The result shows that earlier studies compelling that efficient management of working capital significantly affect profitability.

Addae and Baasi (2013) examined the effect of working capital management (WCM) on the firms which perform for the non listed Ghanaian firms. To provide factual evidence on the relationship among working capital management & firms performance for the non-listed firms in Ghana and To analyse the impact of the various components of working capital like accounts receivables days, accounts payable days ,inventories days and cash conversion cycle on the profitability of non-listed firms in Ghana are the main objectives of this study .After applying regression and correlation analyses on the data of annual reports results indicated that there is a relationship between firms working capital management which is measured by the cash conversion cycle. They also conclude that its components and profitability which indicates that firms will be more profitable if they are able to shorten the length of their cash Conversion cycle. On the other hand they also find a compelling negative relationship between profitability and the number of day's accounts receivable, account payable days & days of inventory.

Raheman and Nasr(2007) investigated the effect of different variables of working capital management which include average collection period, average payment period, inventory turnover in days, cash conversion cycle, and current ratio on the net operating profitability of Pakistani firms listed on Karachi Stock Exchange. The main objectives of the study were to establish a relationship between Working Capital Management & Profitability of Pakistani companies and To find out the effects of different components of working capital management on Firms profitability .They applied Pearson's correlation and regression analysis (Pooled least square and general least square with cross section weight models) for analysis. The results indicated that there is a strong negative relationship between variables of the working capital management and profitability of the firm when the cash conversion cycle increases it will lead to decreasing profitability of the firm .They found that there is a significant negative relationship between liquidity and profitability and there is a positive relationship between size of the firm and its profitability.

Mathuva (2009) examined the influence of working capital management fundamental on corporate profitability .They applied Pearson and Spearman's correlations, the pooled ordinary least square (OLS), and fixed effects regression models for results . The findings of the study revealed that there exists a highly compelling negative relationship between the time it takes for firms to collect cash from their customers (accounts collection period) and profitability ,there exists a highly convincing positive relationship between the period taken to convert inventories into sales (the inventory conversion period) and profitability and there exists a highly important positive relationship between the time it takes the firm to pay its creditors (average payment period) and profitability.

Vahid et al. (2012) investigated the effect of working capital management on the performance of firms Listed in Tehran Stock Exchange (TSE). The main objective of the study was to Studying the impact of different components of cash conversion cycle on the performance of the Companies and also check the impact of working capital management (cash conversion cycle)on the firms. They applied Multi regression model as a tool for results .Results indicated there is a negative and compelling relationship between the variables of Average Collection Period, Average Payment Period Inventory Turnover in day, Net Trading Cycle and the performance of firms Listed in Tehran Stock Exchange (TSE) and also showed that the increase in Collection Period, Payment Period & Net Trading will lead towards the devaluation of profitability in the company. In other words managers can rise the profitability of their companies reasonably, by decreasing the Collection Period, Inventory Turnover, and Payment Period.

Babu and Chalam (2014) examined the relationship between the components of working capital &firms' profitability of firms in Indian leather industry. They were taken profitability as a dependent variable and the inventory conversion period, the average payment period, the average collection period and the cash conversion Cycle were used as independent variables, and were also considered for measuring working capital management. The main objectives of the study were to found whether there was a important relationship between Inventory Conversion Period and Profitability of the firm or to analysis whether there was a compelling relationship between Average Collection Period & Profitability of the firm. They applied regression analysis and Pearson Correlation Analysis for results. The results indicated that for overall leather industry, working capital management had a compelling impact on profitability of the firms.

Rationale

As the topic of the study shows that we are doing study on analysis of working capital and firms profitability of manufacturing listed companies in India. For clarify our study we studied and reviewing many research papers in which some are above shows. There are many study which had been done related to this topic but we don't find any proper study which had been done on only working capital and firm profitability actually They take working capital management and their different factors and study has been taken on Indian leather industry .Mostly all the companies were listed in Tehran Stock Exchange (TSE) and Karachi stock exchange But if we talk about NSE means National stock exchange then a few study come over .Now there is a need to study and make a proper analysis related to working capital and firm profitability of NSE listed manufacturing companies in India .To know whether the manufacturing sector is go in profit or not this study is very helpful and if the answer is yes then really how much money they received or invested in manufacturing sector .

Objectives For The Study

- To evaluate the impact of working capital on profitability of the manufacturing firms.
- To open new vistas for further research.

Null Hypothesis

- H01: Residuals are normally distributed.
- H02: There is no significant impact of working capital on firms profitability.

Research Methodology

- **2.1 Study:** The study was causal in nature.
- **2.2 Sample Design**
- **Population:** The population for study was the manufacturing companies which are listed in NSE.
- **Sample size:** Sample size for the study was ten Manufacturing companies from 2000 -2015.
- **Sample element:** Yearly data of Working capital and Net profitability during the period of 2000 – 2015 was the sample element for the study.
- **Sampling Technique:** Non probability purposive sampling technique was used.
- **Tools Used for Data Collection**: Secondary data of Working capital and Net profitability was collected from the annual reports of all 10 companies.
- **Tools used for data analysis: F**or the purpose of study linear regression modal was applied.

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Results And Discussions

H01: Residuals are normally distributed.

Tests of Normality

	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	.050	154	.200*	.990	154	.343

a. Lilliefors Significance Correction

*. This is a lower bound of the true significance.

The above table presents the results from two well-known tests of normality, namely the Kolmogorov-Smirnov Test and the Shapiro-Wilk Test. The Shapiro-Wilk Test is more appropriate for small sample sizes (< 50 samples), but can also handle sample sizes as large as 2000. For this reason, we will use the Shapiro-Wilk test as our numerical means of assessing normality.

We can see from the above table that the significant value of Shapiro-Wilk test is .343 which is more than the value of .05 representing that the data is normally distributed.

Regression Analysis

H02: There is no significant impact of working capital on profitability of NSE listed manufacturing firms.

Simple Regression test was applied between working capital and Profitability. Here working capital was taken as independent variable whereas Profitability was treated as a dependent variable.

Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the estimate	Durbin Watson
1	.629[a]	.396	.392	.52546	.771

a. Predictors:(Constant),WC

b. Dependent Variable :NP

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The table of model summary indicates the value of R square which was found to be 0.396, indicating that independent variable expanded 39.6% variance on profitability as the dependent variable.

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	27.506	1	27.506	99.622	.000[a]
	Residual	41.968	152	.276		
	Total	69.474	153			

a. Predictors: (Constant), WC

b. Dependent Variable: NP

Here F value 99.622 which is significant at .000 level of significant. This means that the final model significantly improves our ability to predict the dependent variable. Since the value of F is coming out to be 99.622 which is significant at .000 level of significant showing the model is good fit.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tolerance	VIF
1	(Constant)	2.125	.255		8.339	.000					
	WC	.531	.053	.629	9.981	.000	.629	.629	.629	1.000	1.000

a. Dependent Variable: NP

Regression equation showing the relationship between Net Profit and Working Capital.

Y= a+b1x1+ e

Here, Y= Net Profit, X1= Working Capital, B= Beta value of X, A= Constant and E= Standard Error

In the above table of coefficient, for Working Capital as independent variable and profitability as dependent variable, the value of t came out to be 9.981 which are significant at 0.000 level of significance. Hence it was stated in null hypothesis that there was no significant relationship between Working capital and Profitability was rejected, indicating a positive significant relationship between working capital and profitability.

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Implications And Suggesstions :

This study is useful for the academicians they take help in further study in this field. Further the study is beneficial for the entire manufacturing firms in India .As we have taken the top ten Manufacturing companies on the basis of their market capitalization .It could also be beneficial for the top level management of the manufacturing companies to take all the necessary decisions regarding the working capital management in regard to profitability with the help of this study.

Apart from this we have found few of the limitations in our study i.e. this study has been done by taking into consideration the data of only ten manufacturing firms of India, so it is suggested to take the bigger sample size .Secondly, this study is conducted to evaluate the profitability of the firm by taking into consideration only the working capital of the Manufacturing companies, so it is suggested to conduct the further study in wider perspective.

Conclusion

Performance of any firm depends upon their efficiency to mange working capital , thus it is a matter of concern and should be handled very carefully .Our study shows that the value of R square .396 showing that the working capital has 39.6 % of variance on dependent variable which means that apart from working capital there are other factors also which significantly predicts the dependent variable i.e. profitability in the manufacturing companies .Nonetheless it can be concluded that working capital too have a significant impact on profitability of the manufacturing concerns .

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Relationship Between Profitability and Capital Adequacy of Private Sector Banks in India

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Abstract

Capital Adequacy Ratio is the indicator of financial soundness. The present study investigates the relationship between Capital Adequacy Ratio and Profitability of Indian Private Sector banks. The study examines the impact of Interest spread, Return on Long-term fund, Return on Net worth, adjusted return on net worth, adjusted cash margin, Net profit Margin, Return on Assets including revaluation and excluding revaluation on Capital Adequacy Ratio. The secondary data of the top 15 Indian private banks was collected from the period of 2012-2016. Stepwise Regression model was applied to know the relationship between the independent and dependent variables. Results indicated that Adjusted Profit Margin (APM), Return on Net Worth (RONW), Interest Spread (INTSPD), Return on Assets Including Revaluations (ROAIR) have a significant positive relationship with CAR.

Keywords*: Capital Adequacy ratio, Profitability ratios, Stepwise Regression.*

Introduction

Post independence era has witnessed a drastic change in the banking industry. As we all know that financial service is the backbone of service sector but it is not limited the banking sector only rather it applies to the whole economy of India.

Banking has become the most integral part of activities as most of the activities in every country is done with the help of finance and bank act as a major player in terms of managing finance. With the current competitive environment, the functional areas of banks have also been changed as it is now providing the services at the customer's doorstep. Because in this competitive environment sustainability becomes the major aspect of every sector and to do so better customer service is compulsory.

After the Liberalization in 1991, the scenario of India has totally been changed due to increase in competition in every sector. The banking sector has also faced a lot of challenges and changes after this period. One of them was the removal of state intervention from this sector. Every industry has started focusing more on customer satisfaction with the help of service quality. Many times several banking institutions have experienced or more specifically we can say that still experiencing the increasing level of customer dissatisfaction. The capital which banks always maintain with themselves as per the guidelines of the financial regulator is known as a minimum capital requirement. Banks encounter to various types of risks like credit risk, market risk, and operational risk while granting loans and advances to various sectors. Risk management is necessary for the banking industry and that is the reason to maintain capital adequacy ratio in banking. In order to absorb any kind of losses, it becomes imperative that banks should have sufficient amount of capital. If banks have adequate capital, then it can protect its depositors and creditors from unexpected contingencies as well promote the stability and efficiency of financial systems (Fatima 2014). In the year 2009 global financial crisis took place due to the insolvency of the bank. Adequate capital in banking develops the confidence among the depositor that their money is in safe hand and the bank will give a fair return on it.

Internationally accepted norms for capital adequacy standards developed by BCBS. The Basel Committee on banking Supervision is a committee of banking supervision. It strengthens the norms. Regulations and risk management of the banking sector. BCBS published guidelines in Basel I, II & III. Basel, I focus only on credit risk, Basel II deals with the market and operational risk whereas Basel III focus on transparency, quality, and consistency of the capital base.

As the capital adequacy play an important role in the financial sector in the same way without profit no bank can survive. Profitability is the measure of efficiency, how the bank is efficient to use and manage its resources to earn a profit. There is a big question that whether the capital adequacy affects the profitability of the bank. Literature revealed the double insight in this area. Some researcher found and stated high capital adequacy leads to high profitability and other studies revealed the negative relationship between profitability and capital adequacy ratio.

This paper attempts to find out the relationship between profitability and capital adequacy ratio. Interest spread, Return on Long-term fund, Net profit margin, Adjusted Cash margin, Return on Net worth, Adjusting return on net worth, Return on Assets including revaluation and excluding revaluation are taken as profitability measures and tries to find whether Capital Adequacy affects to the profitability of Indian private banks.

Conceptual Framework

Profitability Ratio: Profitability is the ability to earn profit from the business activities of an organization. It is concerned with the efficient uses of all resources in that manner so that company can earn more profit. Harward and Upton (1991) profitability is the ability to earn a return on its investments. However, the term ‘Profitability’ cannot replace with the term ‘Efficiency’. Profitability is an index of efficiency, and it can be used as the measure of efficiency. Profitability ratios include return on sales, return on investment, return on assets, return on equity, return on capital employed, gross profit margin and net profit margin. All of these ratios indicate the efficiency of generating profits or revenues relative to a certain metric. Different profitability ratios provide useful insights of the financial performance of a company.

Interest Spread: Interest spread is the difference between the interest earned and interest paid by commercial banks on its lending and deposits. It is also known as the difference between average lending rate and the average borrowing rate for a bank or other financial institution.

Formula: (Interest earned/Interest earning assets) - (Interest paid /Interest bearing liabilities)

Net Profit Margin: Net profit margin is one of the most important indicators of financial performance of business. It is the relationship between net profit and revenues. It is expressed in percentage; it makes it possible to compare the two or more business profitability. It also provides a more clear picture of how profitable a business is than its cash flow, and by tracking increases and decreases in its net profit margin, a business can assess whether or not current practices are working.

Formula: Net profit margin or ratio = Earning after tax * 100/Net revenues

Return on Long Term Fund: Return on long-term fund invested by the bank is another important indicator of profitability. It is the relationship between Net profit and long term funds invested. This ratio indicates the return earned on long-term fund.

Return on Net Worth: Return on net worth is a measure of a bank's profitability because on the basis of returns, shareholder decides to continue their investment. This ratio indicates the return earned by shareholders on their investment in the bank.

Formula: Net Profit-after-tax/ Shareholder capital + retained earnings

Return on Assets Excluding Revaluations: Return on Assets ratio measures how the company manages its assets to earn profits. It is the measure the net profit earned by total assets without the consideration of revaluation in the price of assets.

Return on Assets Including Revaluations: Over the time the value of assets is increasing or decrease and if profit is measure on the revalued price of assets it is the return on assets including revaluation.

Capital Adequacy Ratio: Capital Adequacy Ratio is an indicator of the financial soundness of the banking system. It is the relationship between bank's capital and its risk-weighted assets ratio. The capital adequacy ratio is decided by the central bank and as per the Basel III stipulated a capital to risk-weighted assets of 8%. However, as per RBI norms, Indian scheduled commercial banks are required to maintain a CAR of 9% while on the other hand, Indian public sector banks are forced to maintain a CAR of 12%. The RBI used capital adequacy ratio as a significant factor which protects banks against insolvency. It is the indicator of Safety and Stability for banks and depository institutions because they view capital as a guard or cushion for absorbing losses (Abdel-Karim, 1964). It is used to absorb the unforeseen reasonable amount of losses due to risk investment. Capital adequacy ratio can be measured as:

CAR= Tier I + Tier II + Tier III capital (capital funds)

Risk Weighted Assets (RWA)

Tier I capital is the capital that is permanently and easily available to reduce losses suffered by a bank without it being required to stop operating. It includes paid-up capital by issuing of ordinary shares, statutory reserves, Non-cumulative Preferences shares, capital reserves and disclosed free reserves. It provides more protection to depositors. The element of tier 2 capital is revaluation reserves, undisclosed reserve, general provision and loss reserve and investment reserve account. In the case of the bank is winding up, Tier II capital provides a lesser degree of protection to depositors and creditors. Tier III is arranged the market risk such as changes in economic variables, interest rate, exchange rate etc. The risk-weighted assets includes credit risk, market risk, and operational risk.

Review of Literature

Olalekan and Adeyinka (2013) studied the relationship between capital adequacy ratio and profitability of Nigerian banks and found that Capital adequacy has a significant positive relationship with Profitability although the relation is not always constant for domestic and foreign banks. But the impact of Profitability on Capital adequacy ratio is insignificant. Findings suggested that the Capital adequacy ratio is one of the important determinates of profitability of banking industry and to maintain the profitability the process and the measures of risk management should be more tightened and effective.

Agbeja, O. et.al. (2015) explained capital adequacy ratio as the valuable tool for assessing the soundness of banks. He investigated the relationship between capital adequacy ratio and profitability of banks. In this study Equity capital reserve was taken as a proxy of capital adequacy whereas net profit after tax was used as the measure of profitability. Results indicated the positive relationship between independent and dependent variables and found that Higher the capital adequacy ratio leads to higher profitability in banks. Banks with higher equity capital maintain public confidence to fulfill the credit needs of customers and perceived to more safety of funds among the depositors.

Aymen (2013) studied the impact of capital on financial performance measured by Return on assets, return on equity and Net interest margin and found the positive relationship among the variables but the significant relationship was found between Return on assets and capital only. The study concluded that high capital allows more investment by banks that may possibly lead to higher return on assets. The positive but insignificant relation was found between return on equity and capital adequacy. The increase in capital also increase the ability to absorb the shocks and expected a loss and the dependency of external finance go down. Banks that has huge capital reduces the cost of capital which positively affects to return on equity.

Vyas et.al. (2008) found the strong and positive significant effect of capital to risk-weighted ratio, net interest margin and non-interest income on return on assets as a proxy of profitability of commercial banks. The findings indicated that capital adequacy ratio affects the profitability of commercial banks in India. The well capitalized commercial banks may increase the revenues by reducing their cost of funding and cost of bankruptcy. The results also revealed that increase in net interest margin has a positive effect on return on assets.

Yahaya et.al. (2016) studied the financial performance and economic impact on capital adequacy. A model was developed to know the effect of a number of key variables of financial performance and economic factors. Results indicated that return on equity has significant positive impact on capital adequacy ratio whereas total loan shows a negative relationship with CAR.

In an another study Bateni, L. et.al.(2014) found a positive significant relationship between Return on assets and bank capital but Return on equity has a negative effect on the capital adequacy of Iranian banks. It indicates that if Return on equity increases the bank capital will decrease. They argued that there are various determinants which affect the capital adequacy ratio like risk assets ratio, loan assets ratio, deposit assets ratio.

Gropp, R., & Heider, F. (2010) suggested that more profitable banks tend to have more capital relative to assets. Return on assets is considered as one of the important measures of profitability and results shows the positive impact of return on assets to the capital structure of the bank. Generally, banks have to rely mainly on retained earnings to increase capital. ROA and the capital adequacy ratio is most likely positively related because a bank is expected to have to increase asset risk in order to get higher returns in most cases.

In a study, Bhatia, A. et.al. (2012) found out the significant positive relationship between Spread ratio, CD ratio, and profit per employee, capital adequacy ratio and non-interest income as independent variable with Profitability (ROA) as dependent variable with the help of Backward Stepwise Regression Analysis as a tool and concluded that if banks concentrate on these variables, the profitability level will rise to a significant level.

Büyüksalvarci, A., & Abdioglu, H. (2011) tried to find out the determinants of Capital adequacy ratio and its impact on financial performance of Turkish banks and with the help of panel data analysis results shows that profitability (ROA & ROE) has a positive significant effect of capital adequacy ratio.

Ikpefan (2013) tries to investigate that whether there is an effect of the bank Capital adequacy ratios, management, and performance in the commercial banks of Nigeria. For this the objective if the study was to determine the impact of CAR on bank's performance and found out that CAR (shareholder fund/net assets ratio) has a negative impact on profitability (ROA).

Research Gap

From the above reviews it has been observed that profitability has a positive significant effect on capital adequacy ratio but the major gap which was found that variables taken to measure the profitability were limited which do not provide the clear picture that which are the variables of profitability that determine the capital adequacy of private sector banks.

Objectives of the Study

To find out the relationship between Interest Spread and Capital Adequacy Ratio.

To find out the relationship between Adjusted Profit Margin and Capital Adequacy Ratio.

To find out the relationship between Return on Net Worth and Capital Adequacy Ratio.

To find out the relationship between and Return on Assets Including Revaluations and Capital Adequacy Ratio.

To find out the relationship between Adjusted Cash Margin and Capital Adequacy Ratio.

To find out the relationship between Return on Long Term Fund and Capital Adequacy Ratio.

To find out the relationship between Return on Assets Excluding Revaluations and Capital Adequacy Ratio.

To find out the relationship between Adjusted Return on Net Worth and Capital Adequacy Ratio.

Hypothesis

Null Hypothesis (H01): There is no significant relationship between Interest Spread and Capital Adequacy Ratio.

Null Hypothesis (H02): There is no significant relationship between Adjusted Profit Margin and Capital Adequacy Ratio.

Null Hypothesis (H03): There is no significant relationship between Return on Net Worth and Capital Adequacy Ratio.

Null Hypothesis (H04): There is no significant relationship between Return on Assets Including Revaluations and Capital Adequacy Ratio.

Null Hypothesis (H05): There is no significant relationship between Adjusted Cash Margin and Capital Adequacy Ratio.

Null Hypothesis (H06): There is no significant relationship between Return on Long Term Fund and Capital Adequacy Ratio.

Null Hypothesis (H07): There is no significant relationship between Capital Adequacy Ratio and Adjusted Return on Net Worth.

Null Hypothesis (H08): There is no significant relationship between Return on Assets Excluding Revaluations and Capital Adequacy Ratio.

Null Hypothesis (H09): There is no significant relationship between Adjusted Return on Net Worth and Capital Adequacy Ratio.

Research Methodology

Study: The study was causal in nature.

Population: The population was all the Private sector Banks in India.

Sample size: Sample size for the study was top 15 Private Sector Banks on the basis of Market Capitalization listed in BSE during 2012 to 2016.

Sampling element: Individual Private Bank was sample element for the study.

Sampling Technique: Non-probability judgmental sampling technique was used.

Tools Used for Data Collection: Secondary data of Capital Adequacy and Profitability was collected from the official website of BSE

Tools used for data analysis: For the purpose of this study Stepwise Regression model was used.

Results: Stepwise Regression Analysis

Value Entered/removed

Model	Variables Entered	Variables Removed	Method
1	APM		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
2	RONW		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
3	INTSPD		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).
4	ROAIR		Stepwise (Criteria: Probability-of-F-to-enter <= .050, Probability-of-F-to-remove >= .100).

Dependent Variable: CAR

From the above table of the value entered or removed, we can see that four models emerged. First Adjusted Profit Margin (APM) model was entered, on the second Return on Net worth (RONW) model was entered, then on the third Interest Spread (INTSPD) model was entered and at last Return on Assets Including Revaluations (ROAIR) model was entered.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the	Change Statistics				
					R Square	F change	df1	df2	Sig. F

				Estimate	change				Change
1	.745[a]	.555	.549	1.53944	.555	90.930	1	73	.000
2	.788[b]	.621	.611	1.42909	.067	12.709	1	72	.001
3	.808[c]	.652	.638	1.37936	.031	6.286	1	71	.014
4	.832[d]	.693	.675	1.30625	.040	9.170	1	70	.003

a. Predictors: (Constant), Adjusted Profit Margin (APM)

b. Predictors: (Constant), Adjusted Profit Margin (APM), Return on Net Worth (RONW)

c. Predictors: (Constant), Adjusted Profit Margin (APM), Return on Net Worth (RONW), Interest Spread (INTSPD)

d. Predictors: (Constant), Adjusted Profit Margin (APM), Return on Net Worth (RONW), Interest Spread (INTSPD), Return on Assets Including Revaluations (ROAIR)

This table displays R, R-square, adjusted R square and standard error; R is the correlation between the observed and the predicted values of the dependent variables. The value of R range from -1 to 1. The sign of indicates the direction of relationship (positive or negative). The absolute of R indicates the strength with a larger absolute value indicating a strong relationship.

This table of model summary indicates the value of R square in the First model which was found to be .555. As we have only one independent variable in the first model so we have indicated the value of R square indicating that Adjusted Profit Margin as an independent variable expanded 55.5% variance on Capital Adequacy Ratio(CAR). In the second model the value of Adjusted R Square which was found to be .611 indicating that Adjusted Profit Margin and Return on Net Worth as an independent variable expanded 61.1% variance on Dependent variable (CAR). In the third model the value of Adjusted R Square which was found to be .638 indicating that Adjusted Profit Margin, Return on Net Worth, Interest Spread as an independent variable expanded 63.8% variance on Dependent variable (CAR). In the fourth model the value of Adjusted R Square which was found to be .675 indicating that Adjusted Profit Margin, Return on Net Worth, Interest Spread and Return on Assets Including Revaluation as an independent variable expanded 67.5% variance on Dependent variable (CAR).

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	215.493	1	215.493	90.930	.000[a]
Residual	173.001	73	2.370		
Total	388.494	74			
Regression	241.448	2	120.724	59.111	.000[b]
Residual	147.046	72	2.042		
Total	388.494	74			
Regression	253.407	3	84.469	44.396	.000[c]
Residual	135.087	71	1.903		
Total	388.494	74			
Regression	269.053	4	67.263	39.421	.000[d]
Residual	119.440	70	1.706		
Total	388.494	74			

a. Predictors: (Constant), Adjusted Profit Margin (APM)

b. Predictors: (Constant), Adjusted Profit Margin (APM), Return on Net Worth (RONW)

c. Predictors: (Constant), Adjusted Profit Margin (APM), Return on Net Worth (RONW), Interest Spread (INTSPD)

d. Predictors: (Constant), Adjusted Profit Margin (APM), Return on Net Worth (RONW), Interest Spread (INTSPD), Return on Assets Including Revaluations (ROAIR)

e. Dependent Variable: Capital Adequacy Ratio (CAR)

The F statistics is the mean square divided by the residual mean square. From the above table of ANOVA we can interpret that all the four models are significant (P value<.05) indicating that all models are a good fit. But to find out the best fit model out of these models we can see the highest regression sum of square in the above four models and it was found that the fourth model whose regression sum of square was 269.053 as against the total value of 388.494 which is significant at 0.000 level of significance was highest out of the four models in which predictors are Adjusted Profit Margin (APM), Return on Net Worth (RONW), Interest Spread (INTSPD), Return on Assets Including Revaluations (ROAIR). So the difference was significant and null hypothesis that there is no significant impact of Adjusted Profit Margin (APM), Return on Net worth (RONW), Interest Spread (INTSPD), and Return on Assets Including Revaluations (ROAIR) on Capital Adequacy Ratio was rejected and shows a significant relationship.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	11.630	.334		34.821	.000
	APM	.215	.023	.745	9.536	.000
2	(Constant)	11.528	.311		37.023	.000
	APM	.346	.042	1.198	8.184	.000
	RONW	.346	.035	-.522	-3.565	.001
3	(Constant)	8.987	1.057		8.500	.000
	APM	.330	.041	1.143	7.993	.000
	RONW	-.118	.034	-.495	-3.492	.001
	INTSPD	.350	.139	.179	2.507	.014
4	(Constant)	8.627	1.008		8.556	.000
	APM	.367	.041	1.273	8.960	.000
	RONW	-.132	.032	-.550	-4.061	.000
	INTSPD	.420	.134	.215	3.131	.003
	ROAIR	-.002	.001	-.224	-3.028	.003

a. Dependent Variable: CAR

Regression equation

$Y= a+ b_1X_1+ b_2X_2+b_3X_3+b_4X_4+b_5X_5+b_6X_6+b_7X_7+\sum$

Here, Y=Dependent Variable, X= Independent variable, b=beta value of X, a= constant and ∑=Standard error

So by calculating the regression line, we get

CAR = 8.627 +0.367(APM) -.132(RONW) +.420(INTSPD) -.002(ROAIR) +1.008 = 10.288

From the above Regression line, we can interpret that when other things remain constant if we increase the profitability by 1 Unit then Capital Adequacy Ratio will increase by 10.288.

In the above table of coefficient, for Adjusted Profit Margin (APM), Return on Net Worth (RONW), Interest Spread (INTSPD), Return on Assets Including Revaluations (ROAIR) as independent variable and Capital Adequacy ratio as dependent variable, the value of it came out to be 1.273, -.550, .215 and -.224 which are significant at 0.000. 0.000, 0.003 and 0.003 level of significance respectively i.e. P Value<.05 indicating a significant relationship.

Excluded Variables

Model	Beta In	T	Sig.	Partial Correlation	Collinearity Statistics
					Tolerance

1	INTSPD	.198[a]	2.587	.012	.292	.969
	ACM	.118[a]	1.335	.186	.155	.766
	ROLTF	-.254[a]	-3.012	.004	-.334	.773
	RONW	-.522[a]	-3.565	.001	-.387	.245
	ARONW	-.013[a]	-.133	.894	-.016	.701
	ROAER	-.138[a]	-1.641	.105	-.190	.845
	ROAIR	-.139[a]	-1.658	.102	-.192	.846
2	INTSPD	.179[b]	2.507	.014	.285	.963
	ACM	.113[b]	1.375	.174	.161	.766
	ROLTF	-.056[b]	-.411	.682	-.049	.287
	ARONW	.110[b]	1.194	.236	.140	.613
	ROAER	-.183[b]	-2.371	.020	-.271	.826
	ROAIR	-.184[b]	-2.382	.020	-.272	.828
3	ACM	.129[c]	1.627	.108	.191	.761
	ROLTF	-.041[c]	-.315	.754	-.038	.287

	ARONW	.131[c]	1.472	.145	.173	.609
	ROAER	-.224[c]	-3.024	.003	-.340	.801
	ROAIR	-.224[c]	-3.028	.003	-.340	.803
4	ACM	.103[d]	1.361	.178	.162	.751
	ROLTF	-.024[d]	-.189	.851	-.023	.286
	ARONW	.102[d]	1.191	.238	.142	.600
	ROAER	3.186[d]	.376	.708	.045	6.198E-5

From the above table of excluded variables we can see that four variables of Profitability were excluded namely Adjusted Cash Margin (ACM), Return on Long Term Fund (ROLTF), Adjusted Return on Net worth (ARONW), Return on Assets Excluding Revaluations (ROAER) whose Beta value came out to be .103, -.024, .102 and 3.168 which are significant at .178, .851, .238 and .705 i.e. P Value >0.05 indicating that there is an insignificant relationship of Adjusted Cash Margin (ACM), Return on Long Term Fund (ROLTF), Adjusted Return on Net worth (ARONW), Return on Assets Excluding Revaluations (ROAER) with Capital Adequacy ratio (CAR). Hence the null hypothesis there was no significant relationship of Adjusted Cash Margin (ACM), Return on Long Term Fund (ROLTF), Adjusted Return on Net worth (ARONW), and Return on Assets Excluding Revaluations (ROAER) with Capital Adequacy ratio (CAR) was failed to reject.

Implication

The study is useful for the academicians who could take help in further studies in this field.

This study is beneficial for all Private Sector Banks in India.

The study will also guide all the beneficiaries of Private sector banks.

This study is a useful contribution to understanding the relationship between Capital Adequacy Ratio and Profitability Ratio

Suggestion

This study is conducted taking into consideration only the Private sector banks of India. Therefore, it is suggested to conduct further study in a wider perspective.

Conclusion

The above study has identified the relationship of profitability and Capital Adequacy of private sector banks in India. In this study, we have seen that how different components of profitability ratio have made a significant impact on Capital Adequacy of Private Sector Banks. From the above results we have seen that Return on Net Worth, Adjusted Profit Margin, Adjusted Cash Margin, Return on Assets Including Revaluation, had shown a significant relation with Capital Adequacy showing that if Return on Net Worth, Adjusted Profit Margin, Adjusted Cash Margin, Return on Assets Including Revaluation of Private sector banks increases then Capital adequacy will also increase. Whereas on the other hand, Interest Spread, Return on Long Term Fund, Adjusted Return on Net Worth, and Return on Assets Including Revaluation had shown an insignificant relation with Capital Adequacy showing that if Interest Spread, Return on Long Term Fund, Adjusted Return on Net Worth, and Return on Assets Including Revaluation of private sector banks increases then Capital adequacy will decrease. It indicates that to maintain a significant amount of capital adequacy private sector banks needs to focus on Net Worth, Adjusted Profit Margin, Adjusted Cash Margin, Return on Assets Including Revaluation. Hence, Private Banks should take necessary measure to have a better relation with profitability and Capital Adequacy so as enhance financial system of the country.

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M- Banking Services & Customer Satisfaction

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Abstract

The study aimed to establish the relationship between M banking service and customer satisfaction. The survey method was used to collect the data. Self designed questionnaire on 5 point scale was used. Data was filled by 135 m-banking users in Gwalior region. Reliability test, factor analysis and regression test was applied to fulfill the objectives of study. Reliability of measure found to be highly reliable. Factor analysis explored 4 factors that are, ease of use, trust, responsiveness and efficiency. Regression test results indicated that there is significant positive impact of m-banking services on customer satisfaction.

Keywords*: M-banking, service quality*

Introduction

Technology is evolving every new day and has its impact on everything. It is considered as the key driver for the changes taking place around the world. In the world of banking, Technology has brought about a complete paradigm shift in the functioning of banks and delivery of banking services. Gone are the days when every banking transaction required a visit to the bank branch. But now, most of the transactions can be done from the comforts of one’s home and customers need not visit the bank branch for anything. Technology would be the key to the competitiveness of banking system. The growth of the mobile banking has added a different dimension to banking.

Customer satisfaction a business term, is a measure of how products and services supplied by a company meet or surpass customer expectation. It is seen as a key performance indicator within business and is part of a balanced scorecard. In a competitive marketplace where businesses compete for customers, customer satisfaction is seen as a key differentiator and increasingly has become a key element of business strategy.

Thus we come to know that mobile banking plays a vital role in the Indian banking sector and its operations. So a question rises in our mind that whether the customers understand this technology; whether they have any satisfaction with it; Thus the study analyzes the customer's satisfaction in using this kind of banking technology.

mobile banking services and customer satisfaction are two critical issues in the banking sector. Many researches point out that there is a gap in the practical knowledge available in testing the relationship between customer satisfaction and mobile banking services.

From customers' perspective the benefits of mobile banking service in terms of convenience to perform banking transactions in anytime, anywhere and easy way to use. Therefore, Security is ensured, as banking transactions are encrypted and password-protected. In a meanwhile the rapidly growth of using technology by phones helped banks to achieve their goals. Internet banking and mobile banking are often referred to electronic banking; internet banking and mobile banking are two alternative channels for banks to deliver their services for customers in order to acquire services. That is, the reason of using customers Internet banking are through computers connected to Internet, while customers using mobile banking are through wireless devices. Using Mobile banking through wireless shows the difference between online banking and mobile banking contexts while customers considered mobility as the most valued properties of mobile banking that also time-critical consumers considered always-on functionality as the most important feature of mobile banking.

- **Objectives of Study**

- To redesign & standardize the measure to evaluate M-banking service and customer satisfaction
- To explore the underlying factors of M-banking service
- To check the impact of M-banking service on customer satisfaction
- To open new vistas for further research.

Research Methodology

The Study: The study is empirical in nature and field survey is to be used to complete it. The population includes all the mobile banking users within Gwalior city. Individual respondent was the sampling element. A purposive non-random sampling technique was used to carry out the research study. The data was collected from 135 individual's respondents.

Tools for data collection: A set of questionnaire was employed to study. The questionnaire was designed on 5 point Likert type scale. The questionnaire was divided on two parts in first part the statements on M-banking while in second part, statements are related with customer satisfaction.

Tools for Data Analysis

- Reliability test was applied to know the reliability of measure
- Factor analysis test was applied to explore underlying factors of M-banking service quality.
- Regression test was applied to check the impact of M-banking service quality on customer satisfaction

Results & Discussion

Reliability test

The reliability measure of questionnaire was computed by using SPSS software. Cronbach alpha reliability coefficients were computed to calculated reliability of all items in the questionnaire of M banking and customer satisfaction.

Table 1: Cronbach's Alpha Reliability Test

Reliability Statistics

Variables	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
M-banking services	.934	.938	22
Customer satisfaction	.703	.706	3

If the computed reliability value is greater than 0.7 the measure is considered reliable. The M banking and customer satisfaction as indicated by Cronbach's Alpha coefficient in the above table is 0.934 and 0.703 hence the measures used for collecting data on these were reliable.

Kaiser Meyer Olkin and Bartlett's Test of Sphericity

KMO (Kaiser-Meyer-Olkin) and Bartlett's Test of sphericity was calculated using PASW 18 to identify sampling adequacy as well as sphericity in the data collected on the measure.

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.908
Bartlett's Test of Sphericity	Approx. Chi-Square	1662.284
	Df	253
	Sig.	.000

The Kaiser Meyer Olkin (KMO) measure of sampling adequacy is an index to examine the appropriateness of factor analysis. KMO test was applied to check the normal distribution and sample adequacy and Bartlett's Test has been applied to check the identity matrix and to find out whether data is suitable for factor analysis or not. Above Table below shows that the value of KMO is greater than .7 (.908) so we can say that data is adequate as well as normally distributed. The results of Bartlett Test are also significant at 0.000 level of significance it indicates that matrix is not an identity matrix and data is suitable for factor analysis.

Factor Analysis M- Banking service quality

Principle component factor analysis with varimax rotation was applied. The factor analysis converged on 4 factors. The details about factors, factor name variable number, variable convergence and their Eigen value is given in the table given below:

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Table 3.1 : Factor Loading for M banking service quality

S.No.	Factor Name	Eigan Value	% of Variance explained	Item Converged	Item Loading
1	Trust with security	5.176	22.506	10 I feel secure in providing sensitive information	.785
				3. charges related to transaction, taxes etc. are clearly presented to me	.709
				22 Using mobile banking is financially not secure.	.708
				19. Mobile banking transaction/services are very simple and easy to use	.706
				5. Mobile banking provides me the services exactly as promised.	.693
				14. It is easy to look for banking information.	.639
				8. I have full trust in my bank's mobile banking services.	.540

2.	Ease of use	4.906	21.330	1. provides prompt responses if my transaction is not processed.	.496
				6. provides accurate records of all my transactions	.524
				7. mobile banking transaction is processed accurately.	.529
				9 feel safe in my transactions while doing mobile banking.	.519
				11. I am sure that the bank does not misuse my personal information.	.698
				12. enables me to complete a banking transaction quickly.	.444
				13. saves time compared to going to branch	.720
				15. I have full trust in my bank's mobile banking services.	.687
				17 Mobile banking is available all the time.	.818
				18 is easy to transfer funds from my account to any other account	.415
				21 interaction with the mobile banking systems is clear and understandable.	.575
3	Responsiveness	2.513	10.927	2. The bank quickly resolves	.542

				mobile banking related problems. 4. I know exactly when my transaction will be performed. 16. I can speak to a customer service representative if there is a problem related to my mobile banking transactions 20 provides all communication to communicate problems related to mobile banking	.413 .651 .791
4	Efficient	1.277	5.551	14. there is a mistake, my mobile makes it right quickly and effectively.	.858

Regression Analysis:

The regression is calculated by taking the totals of financial literacy and financial product choice where in financial literacy is taken as independent variable and financial product choice as dependent variable by using SPSS software. The linear regression was applied between M banking service quality on customer satisfaction.

Null Hypothesis: There is no impact of M banking services on customer satisfaction.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.776[a]	.602	.599	.77397	1.901

a. Predictors: (Constant), Mbanking

b. Dependent Variable: Custsat

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	117.031	1	117.031	195.371	.000[a]
	Residual	77.274	129	.599		
	Total	194.305	130			

a. Predictors: (Constant), Mbanking

b. Dependent Variable: Custsat

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.260	.546		2.309	.023		
	Mbanking	.076	.005	.776	13.978	.000	1.000	1.000

a. Dependent Variable: Custsat

The overall cause and effect relationship between Mobile banking service quality as independent variable andcustomer satisfaction as dependent variable indicating through adjusted R square was found to be .599. Regression model summary includes the R, R-squared and adjusted R-squared for the model, and the standard error of the estimate. Table shows the adjusted R-square 59.9% of the variance in customer satisfaction taken as dependent variable has been significantly explained by mobile banking service quality as independent variable

The model of M-banking service quality as independent variable and customer satisfaction as dependent variable has good fit as indicated by F-test The F statistics is the mean square divided by the residual mean square. The goodness of fit for the model was tested by using Anova table and the F value was found to 195.371 which was significant at 0.000 level of significance indicating that the model is good fit.

The result from the coefficient table indicates that mobile banking has significant positive effect on customer satisfaction as the t-value are significant at 5% level of significance. Table of coefficient shows the coefficients for each model tested. T-statistics 13.978 significant at 0.000 level of significance indicates that mobile banking service quality has positive impact on customer satisfaction. .

Regression equation showing the relationship between M banking and customer satisfaction

$Y= a+ bX+e$

Here, Y=Dependent Variable, X= Independent variable, b=beta value of X, a= constant and e=Standard error

Hence, the null hypothesis that there is no significant effect of m banking service quality on customer satisfaction.

Implications

The study is helpful to banking companies to improve service quality to enhance customer satisfaction as this study explore factors which affect customer satisfaction. The study is also helpful to customer to review service quality of banking companies and they can determine the satisfaction. The study is beneficial for academician for further research analysis.

Limitations & Suggestions

The was carried out in Gwalior region so study could be extended by taking large sample. The study included 130 respondent which is small sample and on the basis of this results can not be generalised for all so it is suggested that the sample should be large at least 250 for 25 statements. Factor analysis and regression test was applied in further research demographical variables could be studied.

Conclusion

The study examined the cause and effect relationship between M banking service quality and customer satisfaction. The primary data was collected through self design questionnaire. The data was collected from 135 respondents. Reliability test was applied and results found to be highly reliable. Factor analysis test was applied to explore underlying factors of M-banking services nad results revealed that measure was converged into 4 factors that are trust & security, ease of use, responsiveness and efficiency. Regression test eas applied to know the effect of M-banking service quality on customer satisfaction and results revealed that there is a significant positive impact of m banking services on customer satisfaction. If the service quality will upgrade the customer satisfaction also will upgrade. If the

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Effect of Demonetization Over Stock Prices in India

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Abstract

In an important move, the Government of India declared on 8th November 2016 that the five hundred and one thousand rupee notes will no longer be legal tender. This measure has been taken by the PM is an attempt to address the resolve against corruption, black money and counterfeit notes. This move is expected to cleanse the formal economic system and discard black money from the same. The main focus of this study is to discuss the effect of Demonetization over Stock Prices in India. Secondary data was collected before and after 36 days of announcement of Demonetization from website of Bombay Stock Exchange. In this study non parametric test using SPSS software was applied to check the normality of the data and Paired sample t test was applied to check the before and after effect of demonetization on stock indices. We found a no significant effect of demonetization over stock prices in India.

Keywords: *Demonetization and Stock Prices.*

Introduction

On 8 November 2016 Indian government decided to demonetize the 500 and 1000 rupee notes, which were considered as the two biggest denomination notes. According to a survey these notes were covering 86% of the country's cash supply. The prime objective of government through this process of demonetization was to reduce black money which was more in the form of 500 and 1000 rupee notes whereas other objectives included fight tax evasion, eliminate terrorist financing activities and to promote Cashless economy.

Same in 2015, the Zimbabwean government also demonetized Zimbabwean Dollar as a way to combat the country's hyperinflation. It was a three month process which involved in removing the

Zimbabwean dollar from the country's financial system and to strengthen US Dollar. Another example took place in 2002 when the nations of the European Monetary Union adopted the euro and it was in order to switch to the euro, first fixed exchange rates for the varied national currencies into Euros and it was also seen that when euro was introduced, the old national currencies were demonetized. However, the old currencies remained convertible into Euros for a while for the smooth running of the transactions.

Around 38 years ago, in the year 1978, then Prime Minister Morarji Desai made a crucial step to fight against the corruption and increasing black money. He had imposed the policy of demonetization in 1978 to scrap out Rs 1,000, Rs 5000, and Rs 10,000 notes immediately. Even that time, citizens were as shocked and surprised as they are today with the decision taken by our current Prime Minister Narendra Modi. Generally, it has been seen that the currencies of high value are easier to be used for unfair purposes, and hence, it becomes necessary to take such big steps to eradicate the malfunctioning elements from society.

Conceptual Framework

DEMONETIZATION

Sherline T. I defined Demonetization as the act of Banning or taking back of a currency unit of its status as legal tender. And also added that demonetization is necessary whenever there is a change of national currency. The old unit of currency must be retired and replaced with a new currency unit.

Effects of Demonetization

According to the report prepared by the Division of Credit Analysis and Research Limited demonetization affected various economic variables and its entities:

- Effect on Parallel Economy

  According to Madan Sabnavis (2016) replacement of old 500 and 1000 rupee notes with new 500 and 2000 rupee notes expected to remove black money from the economy as they will be blocked and the owners will not be in a position to deposit it in the banks secondly it will stall the circulation of large volume of counterfeit currency and will help in stopping the funding for anti-social elements like smuggling, terrorism, spying, etc.

- Effect on Money Supply

  Until the new 500 and 2000 Rupees notes get widely circulated in the market, money supply is expected to reduce in the short run but the black money (which is not counterfeit) will not re-enter the system and hence money supply will be decrease permanently. However as the new notes get circulated in the market money supply will pick up.

- Effect On Demand

  Demand in various areas like Consumer goods, Real Estate and Property, gold and luxury goods and automobiles is to be impacted particularly.
- Effect on Prices

  According to the latest economic report price level is expected to be lowered due to moderation from demand side whereas consumer goods prices are expected to fall only marginally due to moderation in demand as use of cards and cheques would compensate for some purchases, and Real Estate and Property Prices are largely expected to fall, especially for sales of properties where major part of the transaction is cash based.
- Effect on GDP

  According to the report of Division of Credit Analysis and Research the GDP formation could be impacted by the measure of reduction in the consumption demand. However with the recent rise in festival demand is expected to offset this fall in overall impact this expected impact on GDP may not be significant as some of these demand will be deferred and re-enter the stream once the cash situation becomes normal.
- Effect on Banks

  As directed by the Government, the 500 and 1000 Rupee notes which now end to be legal tender are to be deposited or exchanged in banks which will automatically lead to more amounts being deposited in Savings and Current Account of commercial banks and this in turn will enhance the liquidity position of the banks, which can be utilized further for more lending purposes.
- Effect on Online Transactions and Alternative Modes of Payment

  Alternative forms of payments like E-wallets and apps, online transactions using E banking, usage of Plastic money (Debit and Credit Cards), etc. will see a great surge in demand and this will eventually lead to strengthening of such systems and the infrastructure required.

STOCK PRICES

It is the cost of purchasing a security on an exchange. Stock prices can be affected by a number of things including volatility in the market, current economic conditions, and popularity of the company.

Factors that Drives Stock Prices

- Market Sentiment
- Growth Expectations
- Valuation
- Central Bank Activity

REVIEW OF LITERATURE

Sunita (2014) in her study about demonetization of Indian rupee against US $. The main objective of her study was to know the trend of Indian Rupee and it exchange rate against US $ and to understand the concept of demonetization and with the help of various previous financial annual reports revealed various causes and implications of demonetization and at last she concluded that Even after taking few measures by government if we see the recent depreciation, Rupee depreciation has become null and void but it still remains under pressure. Both domestic and global conditions are indicating that the downward pressure on Rupee will remain in future too and added that RBI should continue its policy mix of demonetization.

Quint & Shubik (2011) studied about the Demonetization of Gold. The main objective of the study was to find out the relationship between the gold money and the flat money and with the help of regression analysis; comparison of various models came to the conclusion that we had inefficient consumption of gold. However, both the consumption and transaction services of gold can be utilized simultaneously.

Tripathi (2016) revealed in his study that demonetization is a great challenge to the common people, farmers, for Families who have any marriage function before 30th December, Challenges for the customers of Regional Rural Banks (RRBs), Challenges for stopping the funding of Terrorism, and a great challenge as well for facing the problem of Fake Currency and at last he concluded that with the current inputs we can say that Indian Financial System and its regulators were not ready for this change. Due to this, the laymen or the common person including farmers are the sufferers.

Dzokoto & Mensah with the help of their study revealed the experiences of Ghanaian consumers after the Demonetization of Ghana’s currency in July 2007 and with the help of a standardized questionnaire as well as a process of personal interview for data collection came to the result that the new currency clearly had some advantages in terms of portability, which in turn made individuals feel safer and also helped in keeping track on how well the country was doing relative to other currencies and their study also emerged three themes that were reliable with predictions by the Bank of Ghana about the advantages of the redenomination.

Green (2016) revealed that demonetization has made a big and good impact on government finances according to him some have estimated a great gain for government finances from the exchange which could come from two channels first, black money will deposited in banks then triple tax will be imposed, secondly, if never exchanged or deposited then at the end of the year the demonetized notes will not be considered as liabilities on the RBI then assets held against these liabilities by the RBI can then be sold and selling assets is one primary method of reducing the money supply, so it provides a natural way to manage the rising money multiplier.

According to Shirley (2017) Demonetization will make certain effects on world economics. But the ripples will be felt only for the countries that directly trade with India. Due to demonetization, the first thing that happened in India was to limit the purchasing power of most of the people. The main aim of his study was to find the major impacts which demonetization has made and will make in future and after studying facts about demonetization in different nations across the globe he came up with a conclusion that people are facing problems because the limit of withdrawal has not been kept at a higher level. It is also being said that what is being attempted is replacement of currency and not demonetization itself which was unnecessary which would be a terrible setback for the international stand of the Indian economy.

Mahajan (2017) made a research titled as Impact of Demonetization over Financial Inclusion in India in which she stated that financial inclusion has come up as a key measure for achieving inclusive growth and also defined Financial inclusion as the process of ensuring access to appropriate financial products and services needed by all sections of the society in general and vulnerable groups such as weaker sections and low income groups in particular, at an affordable cost in a fair and transparent manner by regulated mainstream institutional players. The main objective of her study was to find out the main impact of demonetization over financial inclusion and with the help of RBI data came up with a conclusion that the effect has been largely upon the ordinary man than on the ones who are the main contributors to the black money and as well added that the aim of achieving financial inclusion along with making India a cashless and digital economy, efforts are required to make technology reach the bottom of the pyramid. For this purpose, the young generation should be leveraged upon to educate and support the poor, rural and elderly with digital literacy and transactions.

Research Gap

According to Russell A. Green demonetization has made a good impact on government finances and also made a great gain impact on government. It was also observed in various studies that this step of demonetization is for the welfare of our economic development. The main aim of our study was to find out that what impact it has created on the stock prices in BSE which have not been observed in previous studies by various authors, for which we have collected stock price data one month before and after this great announcement of Demonetization and we think this study will be helpful in various further researches as well.

Objectives of the Study

- To find out the Effect of Demonetization over Stock prices in India.
- To open new avenues for further researches.

Research Methodology

Study: The study was causal in nature.

Sample design

Population: The population was all the stock price indices in India.

Sample size: Sample size for the study was one i.e. BSE index.

Sample Element: Daily data of BSE stock price was the sample element of the study.

Sampling technique: Non probability purposive sampling technique was used.

Tools used for data collection: Secondary data of stock prices of BSE index was collected from the official website of BSE.

Tools used for data analysis

- For the purpose of the study non parametric test i.e. KS test was applied to check the normality of the data.
- Paired sample t test was applied to check the before and after effect of demonetization on stock indices.

Results And Discussions

Two-Sample Kolmogorov-Smirnov Test

H01: The data is normally Distributed

	N	Mean	Std. Deviation	KSZ	Asymp. Sig 2(Tailed)
B2	4	.3059	.00656	.500	.964
B3	6	.3068	.00552	.816	.518
B4	8	.3107	.00999	.707	.699
B5	10	.3088	.00966	.632	.819
B6	12	.3089	.00975	.866	.441
B7	14	.3082	.00915	.802	.541
B8	16	.3084	.00986	1.000	.270
B9	18	.3079	.00967	.943	.336
B10	20	.3059	.01118	.894	.400
B11	22	.3051	.01201	.640	.808
B12	24	.3042	.01252	.612	.847
B13	26	.3039	.01236	.588	.879
B14	28	.3035	.01218	.756	.617
B15	30	.3030	.01200	.913	.375
B16	32	.3027	.01182	1.061	.211
B17	34	.3030	.01156	1.029	.240
B18	36	.3026	.01135	1.167	.131
B19	38	.3023	.01120	1.298	.069
B20	40	.3022	.01104	1.423	.035
B21	42	.3024	.01082	1.389	.042
B22	44	.3025	.01061	1.357	.050

B23	46	.3024	.01044	1.327	.059
B24	48	.3019	.01079	1.155	.139
B25	50	.3017	.01065	.990	.281
B26	52	.3016	.01052	.832	.493
B27	54	.3024	.01132	.816	.518
B28	56	.3021	.01164	.668	.763
B29	58	.3022	.01144	.657	.782
B30	60	.3021	.01127	.645	.799
B31	62	.3021	.01109	.635	.815
B32	64	.302	.01094	.625	.830
B33	66	.3022	.01083	.615	.843
B34	68	.3019	.01094	.606	.856
B35	70	.3020	.01088	.478	.976
B36	72	.3021	.01075	.589	.878

In the above table the Kolmogorov-Smirnov Test was applied in the test of two independent sample is used to test whether or not the maximum absolute difference in the overall distribution of the two groups is significant in spss Kolmogorov-Smirnov Test in the test of two independent saple is done by selecting non parametric test. So in the above table it has been found that the significant value of all the event dates is higher than 5% level of significance indicating that our null hypothesis has failed to reject. So our data is normally distributed.

Paired Sample Statistics

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	B1	.3003	1[a]	.	.
	A1	.3121	1[a]	.	.
Pair 2	B2	.3057	2	.00756	.00535
	A2	.3061	2	.00847	.00599
Pair 3	B3	.3059	3	.00536	.00309
	A3	.3078	3	.00668	.00386
Pair 4	B4	.3076	4	.00555	.00278

	A4	.3138	4	.01326	.00663
Pair 5	B5	.3064	5	.00552	.00247
	A5	.3113	5	.01281	.00573
Pair 6	B6	.3052	6	.00574	.00235
	A6	.3127	6	.01194	.00487
Pair 7	B7	.3048	7	.00532	.00201
	A7	.3116	7	.01124	.00425
Pair 8	B8	.3037	8	.00584	.00206
	A8	.3130	8	.01116	.00395
Pair 9	B9	.3045	9	.00592	.00197
	A9	.3113	9	.01174	.00391
Pair 10	B10	.3023	10	.00900	.00285
	A10	.3095	10	.01239	.00392
Pair 11	B11	.3033	11	.00920	.00277
	A11	.3069	11	.01453	.00438
Pair 12	B12	.3037	12	.00887	.00256
	A12	.3048	12	.01576	.00455
Pair 13	B13	.3042	13	.00867	.00240
	A13	.3037	13	.01559	.00432
Pair 14	B14	.3044	14	.00836	.00224
	A14	.3027	14	.01538	.00411
Pair 15	B15	.3041	15	.00813	.00210
	A15	.3019	15	.01515	.00391
Pair 16	B16	.3041	16	.00786	.00197
	A16	.3012	16	.01491	.00373
Pair 17	B17	.3041	17	.00761	.00185
	A17	.3018	17	.01466	.00356
Pair 18	B18	.3039	18	.00744	.00175
	A18	.3014	18	.01436	.00339
Pair 19	B19	.3037	19	.00730	.00167
	A19	.3008	19	.01415	.00325
Pair 20	B20	.3039	20	.00715	.00160

	A20	.3004	20	.01389	.00311
Pair 21	B21	.3041	21	.00704	.00154
	A21	.3007	21	.01358	.00296
Pair 22	B22	.3040	22	.00691	.00147
	A22	.3010	22	.01336	.00285
Pair 23	B23	.3036	23	.00696	.00145
	A23	.3012	23	.01309	.00273
Pair 24	B24	.3025	24	.00856	.00175
	A24	.3013	24	.01281	.00261
Pair 25	B25	.3022	25	.00860	.00172
	A25	.3013	25	.01254	.00251
Pair 26	B26	.3018	26	.00863	.00169
	A26	.3014	26	.01229	.00241
Pair 27	B27	.3030	27	.01052	.00202
	A27	.3018	27	.01224	.00235
Pair 28	B28	.3021	28	.01133	.00214
	A28	.3022	28	.01216	.00230
Pair 29	B29	.3021	29	.01113	.00207
	A29	.3023	29	.01195	.00222
Pair 30	B30	.3020	30	.01095	.00200
	A30	.3021	30	.01176	.00215
Pair 31	B31	.3020	31	.01076	.00193
	A31	.3022	31	.01158	.00208
Pair 32	B32	.3018	32	.01064	.00188
	A32	.3023	32	.01140	.00202
Pair 33	B33	.3021	33	.01059	.00184
	A33	.3024	33	.01123	.00195
Pair 34	B34	.3015	34	.01097	.00188
	A34	.3023	34	.01106	.00190
Pair 35	B35	.3018	35	.01100	.00186
	A35	.3022	35	.01092	.00184
Pair 36	B36	.3020	36	.01089	.00181

	A36	.3023	36	.01076	.00179

In the paired sample statistics the mean of before demonetization value is more than after demonetization value. The total no. of days in each condition is 36. Since our paired sample statistics revealed that the mean no. of BSE index for before demonetization was greater than the mean for after demonetization so we can conclude that the stock prices after demonetization does not affect significantly than the stock prices before demonetization.

Paired Sample T-test

H02: There is no statistically difference between BSE index before and after demonetization.

Paired Samples Test									
		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 2	B2 - A2	-.00043	.01603	.01134	-.14447	.14361	-.038	1	.976
Pair 3	B3 - A3	-.00191	.01162	.00671	-.03078	.02696	-.284	2	.803
Pair 4	B4 - A4	-.00624	.01286	.00643	-.02670	.01421	-.971	3	.403
Pair 5	B5 - A5	-.00492	.01152	.00515	-.01922	.00938	-.956	4	.393
Pair 6	B6 - A6	-.00748	.01206	.00492	-.02014	.00517	-1.520	5	.189
Pair 7	B7 - A7	-.00678	.01116	.00422	-.01711	.00354	-1.607	6	.159
Pair 8	B8 - A8	-.00932	.01258	.00445	-.01983	.00120	-2.095	7	.074
Pair 9	B9 - A9	-.00676	.01404	.00468	-.01756	.00403	-1.446	8	.186
Pair 10	B10 - A10	-.00724	.01332	.00421	-.01677	.00229	-1.718	9	.120
Pair 11	B11 - A11	-.00363	.01740	.00525	-.01532	.00806	-.692	10	.505

Pair 12	B12 - A12	-.00108	.01880	.00543	-.01302	.01087	-.199	11	.846
Pair 13	B13 - A13	.00049	.01887	.00523	-.01091	.01189	.094	12	.927
Pair 14	B14 - A14	.00163	.01862	.00498	-.00912	.01237	.327	13	.749
Pair 15	B15 - A15	.00215	.01805	.00466	-.00785	.01215	.461	14	.652
Pair 16	B16 - A16	.00291	.01771	.00443	-.00652	.01235	.658	15	.521
Pair 17	B17 - A17	.00229	.01734	.00421	-.00663	.01120	.544	16	.594
Pair 18	B18 - A18	.00254	.01686	.00397	-.00584	.01092	.639	17	.532
Pair 19	B19 - A19	.00286	.01644	.00377	-.00507	.01078	.757	18	.459
Pair 20	B20 - A20	.00343	.01620	.00362	-.00416	.01101	.946	19	.356
Pair 21	B21 - A21	.00343	.01579	.00345	-.00376	.01062	.995	20	.332
Pair 22	B22 - A22	.00292	.01559	.00332	-.00399	.00984	.880	21	.389
Pair 23	B23 - A23	.00235	.01548	.00323	-.00434	.00905	.729	22	.474
Pair 24	B24 - A24	.00123	.01611	.00329	-.00557	.00803	.373	23	.712
Pair	B25	.00086	.01588	.00318	-.00570	.00741	.270	24	.790

25	- A25								
Pair 26	B26 - A26	.00039	.01574	.00309	-.00597	.00675	.127	25	.900
Pair 27	B27 - A27	.00119	.01598	.00308	-.00513	.00751	.387	26	.702
Pair 28	B28 - A28	-.00005	.01701	.00321	-.00665	.00654	-.017	27	.987
Pair 29	B29 - A29	-.00018	.01671	.00310	-.00653	.00618	-.057	28	.955
Pair 30	B30 - A30	-.00014	.01642	.00300	-.00627	.00599	-.047	29	.963
Pair 31	B31 - A31	-.00022	.01615	.00290	-.00614	.00571	-.074	30	.941
Pair 32	B32 - A32	-.00050	.01597	.00282	-.00626	.00526	-.176	31	.861
Pair 33	B33 - A33	-.00026	.01578	.00275	-.00586	.00533	-.096	32	.924
Pair 34	B34 - A34	-.00082	.01587	.00272	-.00635	.00472	-.300	33	.766
Pair 35	B35 - A35	-.00035	.01587	.00268	-.00580	.00510	-.131	34	.896
Pair 36	B36 - A36	-.00024	.01566	.00261	-.00554	.00506	-.092	35	.927

In the above table of paired sample statistics the pair of variables being tested and in order the subtraction was carried out so in the above table the mean showing the average difference between the two variables, standard deviation shows the standard deviation of different scores and df shows the degree of freedom for this test. The significant two tailed value of all the 36 pairs were came out to be more than .05. Because of this we can conclude that there is a statistically no significant difference on BSE index before and after demonetization. So therefore our null hypothesis is failed to reject.

Conclusion

In this Research paper the impact of demonetization announcement on stock price in India was assessed on event study the data for research has been taken off from the Bombay stock exchange. The result of paired t-test for mean has shown that there was no significant difference between the pre and post announcement of demonetization on stock prices. So it has been concluded that 8-November -2016 was the biggest turning point in the history of Indian Economy and the decisions regarding demonetization of Rs. 500 and 1000 Rs note might have impacted the different sectors of Indian Economy but in this research we have seen that for a given time frame it hardly affected our stock market that means our stock market is strong enough to face these kinds of sudden decisions.

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Impact of FDI and Capital Formation on Economic Growth

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Abstract

Economic growth of country is based on various factors. The study examined the impact of Foreign Direct investment and capital formation on Economic growth. The study is done on Indian context. The time series data was taken for study purpose and the time frame is 1995-2015. Simple linear regression & multiple regression test were applied to check the impact of independent variable on dependent variable. The simple linear regression results indicated that FDI and Capital formation both positively significant individually. Multiple regression test revealed that 99.7% variance on GDP explained by FDI and capital formation together and both are positively contribute to GDP of India.

Keywords*: FDI, Capital Formation, Economic Growth*

Introduction

Foreign direct investment plays a very important role in the development of the nation**.** Foreign direct investment (FDI) is an investment made by the company or individual in one country in business interest in another country, in the form of establishing business operation or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company. Foreign direct investment plays an important role of bridging the gap between the available resources or funds and the required resources or funds. FDI basically supplies long-term capital with new technologies, managerial know-how and marketing capabilities which in turn increase economic growth by creating employments, increasing managerial skills, diffusing technologies and fostering innovations. In India, FDI is considered as a developmental tool, which helps in achieving self-reliance in various sectors and in overall development of the economy. There are So many factors that are important for the economic determinants of FDI inflow to India that was The market size, external debt, domestic investment, trade openness, and physical infrastructure, GDP, inflation, growth of the market, exchange rate, opportunity cost for investors, policy changes, labor cost, currency value and Gross Capital formation and government consumption.

Development of nation without adequate capital either in the form of physical capital and or in the form of human capital its might not be possible. Higher the rate of capital formation the faster is the peace of economic growth. Basically capital formation means increase in capital stock. Capital formation play a vital role for the modern productivity system Production without capital is hard for us even to imagine. Capital formation is an important determinant of economic growth. While domestic investments add to the capital stock in an economy, FDI plays a complementary role in overall capital formation and in filling the gap between domestic savings and investment.

The gross domestic product (GDP) is one of the primary indicators used to gauge the health of a country's economy. It represents the total dollar value of all goods and services produced over a specific time period; you can think of it as the size of the economy. GDP is basically used as an indicator for most government and economic decision- makers for planning and policy formulation. It helps the investors to manage their portfolios by providing them with guidance about the state of the economy.

Conceptual Framework

Foreign Direct Investment (FDI) is an investment made by a company or individual in one country in business interests in another country, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign country.

Capital Formation(CF) is a term used describes the net capital accumulation during an accounting period for a particular country, and the term refers to additions of capital stock, such as equipments, tools, transportation assets and electricity.

Literature Review

The Gross Domestic Product(GDP) is one of the primary indicators used to gauge the health of the country's economy. Its represent the total dollar value of all goods and services produced over a particular time period; you can think of it as the size of the economy.

Ndiaye & Helian Xu (2016) aim to investigate the impact of FDI on economic growth for WAEMU (West African Economy Monetary Union) countries. The tools used for the data collection and analysis are World Development Indicators (WDI) database. Haussmann Test, Breusch Pagan test. The result of the seven (7) developing countries of WAEMU shows that FDI has a positive impact on economic growth in WAEMU. There is a strong, positive relationship between FDI and economic growth.

Demissie (2015) the aim of this paper to examines the general impact of FDI on the economic growth of 56 developing countries for the period 1985-2014. The Hausman test and Endogeneity test used for data analysis. The most notable result of this paper is that the coefficient of the interactive term of human capital and FDI for low-income developing countries is positive but negative coefficient of FDI. Implying that a minimum level of human capital is essential in order to absorb the spillover effects of FDI. On the contrary, for upper middle-income developing countries the interactive term is negative and positive coefficient of FDI. Hence, developing countries with high level income and human capital tend to enjoy positive effects of FDI more comparing to those countries which lack the capacity to absorb and implement new technologies attained from FDI.

Alfaro & Chanda et.al**(**2012**)** The purpose to study this paper is to examine the various links among foreign direct investment, financial markets and growth and Their ultimate objective is to show how FDI will impact economic output and how the magnitude of this impact depends on the local financial market conditions for this the data is collected from IMF "International Financial Statistics".WorldBank, World Bank and EmergingMarket Database, WDI, Technical Appendix, Static Equilibrium, Comparative Statics , Numerical Analysis , Data Appendix are used for the data analysis. And finally the empirical evidence suggests that FDI plays an important role in contributing to economic growth.

Tiwari & Mutascu (2010)There aim to examine the impact of foreign direct investment on economic growth in Asian countries and their ultimate Objective to find that both foreign direct investment and exports enhance growth process and labour and capital also play an important role in the growth of Asian countries. Panel data models namely, a pooled Ordinary Least Squire (OLS) regression, panel model with random effects basically used for the data analysis. In result nonlinearity effects show that export-led growth is a better option of growth enhancing in Asian developing countries compared with foreign direct investment-led growth.

Jayachandran & Seilan (2010)aim to study the relationship between Trade, Foreign Direct Investment (FDI) and economic growth for India over the period 1970-2007. And their Objectives to examine the direction of the relationship between economic growth rate, FDI and Exports by using Granger causality test. The various test used to analysis the data The Granger Causality test , Unit Root Test, Co integration Tests. According to the results of the study, there is no reciprocal causality relationship between these variables in India. The direction of causality relationship is from exports to growth rate and there is no causality relationship from FDIs to exports. The directions of causality relationship is from exports to growth rate and there is no causality relationship from growth rate to exports, and the direction of causality relationship is from FDIs to growth rate and there is no causality relationship from growth rates to FDIs.

Karimi & Yusop (2009) this study examines the causal relationship between foreign direct investment and economic growth. Methodology is based on the Toda-Yamamoto test for causality relationship and the bounds testing autoregressive distributed lag (ARDL). The study found the result, in the case of Malaysia there is no strong evidence of a bi-directional causality and long-run relationship between FDI and economic growth. This suggests that FDI has indirect effect on economic growth in Malaysia.

Agrawal & Khan(2011) study attempts to investigate the effect of FDI on economic growth of China and India. The data set has been collected from the databank of World Bank and has been matched up against the data available on the site of UNCTAD (United Nations

Conference on Trade and Development). Multiple regression is run for China and India for the data analysis. After using OLS (Ordinary Least Square) method of regression we found that study confirms FDI promotes economic growth, and further provides an estimate that 1% increase in FDI would result in 0.07% increase in GDP of China and 0.02% increase in GDP of India. We also found that China's growth is more affected by FDI than India's growth and FDI is not as much significant as other variables to predict growth.

Shahzad Iqbal & Shaikh et.al (2010) aim of this paper to investigate the causality relationship between foreign direct investment, international trade and economic growth in Pakistan by Vector Auto Regression (VAR) method. Methodology of FDI, trade and economic growth's causality testing and for data analysis used Unit root tests, used the Augmented Dickey Fuller (ADF) test for testing the unit root in time series, Cointergration test, Granger causality test in Vector error correction mechanism model (VECM).After analysis all these test conclude that FDI invested in Pakistan was attracted by its economic growth and its foreign trade strategy. Moreover, FDI and trade are two important factors that enhance the affect of economic growth in Pakistan.

chakraborty & nunnenkamp (2008) aim of these study to analysis that change in the structure and type of fdi which may be relevant for its growth impact and even the growth impact of FDI differs between the primary, secondary, and tertiary sectors. They Apply cointegration and causality analysis on the basis of industry-specific FDI stock data which are available for the period 1987–2000. In the result they find that the growth impact of FDI differs significantly across sectors.

Hermes & Lensin (2003) aim of this study to investigate that the role the development of the financial system plays in enhancing the positive relationship between FDI and economic growth. The result found that developed financial system in order to let FDI contribute positively to economic growth.

Hansen & Rand (2005) aim to analysis the Granger causal relationships between foreign direct investment (FDI) and GDP. Tools used for the data analysis is heterogeneous panel data they found that there is bi-directional causality between the FDI-to-GDP ratio and the level of GDP and even FDI has a lasting impact on GDP, where as GDP has no long run impact on the FDI-to-GDP ratio. In that sense FDI causes growth.

Capital Formation

Chow (1990) aim to describe the growth, fluctuation and allocation of resources among sector of Chinese economy guided by such a development strategy and show to what extent the capital formation and other five productive sector agriculture, industry, construction, transportation and commerce contribute to the economic growth. The major finding of this paper is that the technological change was absent in the growth of Chinese economy from 1995 to 1980.

Mehta (2011) aim or objective of this paper to study the relationship between capital formation and economic growth and to find out the short-run and long-run relationship between capital formation and economic growth and empirically tested with the help of co integration technique and vector error correction technique. At the end the study reveals a long-run relationship between capital formation and economic growth and From policy point of view it is suggested that more thrust may be given for boosting the capital formation in the economy in order to achieve high economic growth in Indian economy.

Solow (1962) aim to study how much fixed investment is necessary to support the alternative rate of growth potential output in the united states in the near future. They used the cobb-douglas function, estimated production function(regression, correlation, elasticity). The result indicates that the capital formation is not only the source of growth of productivity. Investment is at best necessary condition for growth surly not sufficent condition. These paper give importance to the activities as research, education and public health.

King (1994) the objective of this paper is to critically evaluate the roles of investment and physical capital accumulation in economic growth and development. The recent paper result indicate that the ratio of investment to GDP is strongly and robustly associated with economic growth, there is little reason to believe that this constitutes evidence that increasing investment will cause faster growth. They agree with Kaldor's (1960, p.259) argument that capital accumulation is a Feature of economic growth not a fundamental cause.

Mehrara & Musai (2013) aim to investigates the causal relationship between gross domestic investment (INV) and GDP for Middle East and North Africa (MENA) region countries by using panel unit root tests and panel cointegration analysis for the period 1970-2010. Finally the result shows that there is a strong causality from economic growth to investment in these countries. Yet, investment does not have any significant effects on GDP in short- and long-run and in other way It means that it is the GDP that drives investment in mentioned countries, not vice versa. So the findings of this paper support the point of view that it is higher economic growth that leads to higher investment.

Adhikary(2011) this paper examines the linkage between FDI and capital formation, and economic growth rates in Bangladesh over a period 1986 to 2008 using time series analysis and also using ADF and PP stationary test. The empirical results trace a strong long-run equilibrium relationship between GDP growth rates and the explanatory variables with unidirectional casual flows. The volume of FDI and level of capital formation are found to have significant positive effect on changes in real GDP.

Objectives Of The Study

- To check the impact of FDI and capital formation on GDP
- To check the impact of FDI on GDP
- To check the impact of capital formation on GDP

Research Methodology

The study is casual in nature it is aimed to find out the impact of economic variables on balance of trade. Economic variables includes FDI(Foreign direct investment), CF(capital formation) and both of the variable taken as independent variable and GDP(Gross Domestic product) taken as dependent variable. The study was done in Indian context and the time series data on FDI, CF and GDP has taken for study purpose. Time frame of study is 1995 to

Model Summary[b]						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
dimension0	1	.998[a]	.997	.996	3.11442E10	1.858

2015. Non probability judgmental sampling technique was used to drawn the sample. The data of the variables were collected from website of word bank.

Tools Used For Data Analysis

- Multiple regression test used to check the impact of foreign direct investment and capital formation on GDP
- Simple regression test used to check the impact of individual independent variable on dependent variable.
- Shapiro-Wilk used to find out the test of normality.

Null Hypothesis (H01); There is no impact of Foreign Direct Investment & Capital Formation on GDP

Multiple regression test was applied to check the impact of capital formation and FDI and capital formatin on GDP. Capital formation and FDI were taken as independent variable whereas GPP was taken as dependent variable. R defines the correlation among the variables which is .998. Adjusted R square .996 indicates that there is a 99.6% impact of capital formation and FDI(independent variable) on GDP(dependent variable). Independent variables explain 99.6% variance on dependent variable.

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.592E24	2	1.796E24	1851.839	.000[a]
	Residual	1.261E22	13	9.700E20		
	Total	3.605E24	15			
a. Predictors: (Constant), CF, FDI						
b. Dependent Variable: GDP						

From the table of Anova F-statistics 1851.839 found to be significant at .000 level of signicance. If p value is less than 0.05 indicates that model is good fit.

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.923E11	1.302E10		14.773	.000
	FDI	-2.859	1.146	-.084	-2.495	.027
	CF	2.400	.075	1.070	31.920	.000

The table of coefficient indicates contribution of each independent variable to dependent variable. Beta value of FDI & CF tested through t-test -2.495 and 31.920 respectively significant at .027 and .000 level of significance, It indicates that FDI has significant impact on GDP but negatively whereas capital formation contributes to GDP positively. Hence the null hypothesis stated that there is no impact of FDI and Capital Information on GDP is rejected.

Regression Equation:

$Y= a+bx_1+bx_2+ e$

y= Dependent variable (GDP)

a= constant

b= beta value of X(independent variable

X1= Independent variable (FDI)

X2= Independent variable (Capital formation)

E= Standard Error

Y= 14.773+ (-.084)+ (1.070)+ 1.302E10

Simple Linear Regression

Null hypothesis($H0_2$); There is no impact of Foreign Direct Investment on GDP

Model Summary[b]						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
dimension0	1	.949[a]	.900	.892	1.37338E11	1.614

a. Predictors: (Constant), FDI
b. Dependent Variable: GDP

Simple regression test was applied to check the impact of FDI on GDP. FDI were taken as independent variable whereas GDP was taken as dependent variable. R square defines the correlation among the variables which is .900. R square .900 indicates that there is a 90.0% FDI(independent variable) on GDP(dependent variable). Independent variables explain 90.0% variance on dependent variable.

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.040E24	1	2.040E24	108.168	.000[a]
	Residual	2.263E23	12	1.886E22		
	Total	2.267E24	13			
a. Predictors: (Constant), FDI						
b. Dependent Variable: GDP						

From the table of Anova F-statistics 108.168 found to be significant at .000 level of signicance. If p value is less than 0.05 indicates that model is good fit.

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.857E11	4.776E10		8.075	.000		
	FDI	32.876	3.161	.949	10.400	.000	1.000	1.000
a. Dependent Variable: GDP								

The table of coefficient indicates contribution of independent variable to dependent variable. Beta value of FDI tested through t-test 10.400 respectively significant at.000 level of significance, It indicates that FDI has significant impact on GDP but positively. Hence the null hypothesis stated that there is no impact of FDI on GDP is rejected.

Regression Equation:

$Y= a+bx_1+ e$

y= Dependent variable (GDP)

a= constant

b= beta value of X(independent variable

X1= Independent variable (FDI)

E= Standard Error

Normality test of Residual

H0(1): The residuals are normally distributed.

Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Standardized Residual	.224	14	.056	.913	14	.175
a. Lilliefors Significance Correction						

Here in the above table the standardizes residual test is applied through Shapiro-wilk test of normality to check whether the residual are normally distributed or not. P value (.175) is more than standard value (.05), thus null hypothesis $h_2(1)$ is not rejected, which is desirable. "The residual are normally distributed".

Null hypothesis(HO3); There is no impact of capital formation on GDP

Model Summary[b]						
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
dimension0	1	.999[a]	.999	.999	1.53639E10	2.100
a. Predictors: (Constant), CF						
b. Dependent Variable: GDP						

Single regression test was applied to check the impact of Capital Formation on GDP. Capital formation were taken as independent variable whereas GDP was taken as dependent variable. R square defines the correlation among the variables which is .999. R square .999 indicates that there is a 99.9% impact of FDI(independent variable) on GDP(dependent variable). Independent variables explain 99.9% variance on dependent variable.

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1.754E24	1	1.754E24	7430.943	.000[a]
	Residual	1.888E21	8	2.361E20		
	Total	1.756E24	9			
a. Predictors: (Constant), CF						
b. Dependent Variable: GDP						

From the table of Anova F-statistics 7430.943 found to be significant at .000 level of signicance. If p value is less than 0.05 indicates that model is good fit.

Coefficients[a]								
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.046E11	7.367E9		27.768	.000		
	CF	2.233	.026	.999	86.203	.000	1.000	1.000
a. Dependent Variable: GDP								

The table of coefficient indicates contribution of independent variable to dependent variable. Beta value of Capital formation tested through t-test 86.203 respectively significant at .000 level of significance, It indicates that Capital formation has significant impact on GDP but positively. Hence the null hypothesis stated that there is no impact of Capital formation on GDP is rejected.

Regression Equation:

$Y= a+bx_2+ e$

y= Dependent variable (GDP)

a= constant

b= beta value of X(independent variable

X1= Independent variable (CF)

E= Standard Error

Normality test of Residual

H0(1): The residuals are normally distributed.

Tests of Normality						
	Kolmogorov-Smirnov[a]			Shapiro-Wilk		
	Statistic	df	Sig.	Statistic	df	Sig.
Standardized Residual	.130	10	.200*	.944	10	.597
a. Lilliefors Significance Correction						
*. This is a lower bound of the true significance.						

Here in the above table the standardizes residual test is applied through Shapiro-wilk test of normality to check whether the residual are normally distributed or not. P value (.597) is more than standard value (.05), thus null hypothesis $h_2(2)$ is not rejected, which is desirable. "The residual are normally distributed".

Limitations & Suggestions

The study was done on Indian context in further research the study could be done on another country or group countries. The study was limited with small time frame only last 10 years annual time series data was analyzed in future data sample could be increased to give a generalized results. Balance of trade is affected by many factors so other variables also could be studied by researchers.

Conclusion

The aim of the study was to investigate the relationship among FDI (foreign direct investment), CF(capital formation) and GDP of India. The last 20 year data was collected and analyzed to simple and multiple regression using PASW 18 software. The results of multiple regression test indicated that FDI has significant impact on GDP but negatively associated whereas capital formation contributes positive and significantly to GDP. The simple regression test was also applied which indicated that individually FDI & Capital formation both have positive significant impact on GDP. When Foreign Direct investment in country will increase then it increase the development of country so GDP also goes high. Our results are supported by many researchers Hansen & Rand (2005), Hermes & Lensin(2003), Shahzad Iqbal & Shaikh (2010), Alfaro & Chanda(2012) , Ndiaye & Helian Xu(2016), Mehta (2011), Mehrara & Musai (2013) . They also found positive and significant effect of foreign direct investment and capital formation on economic growth.

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The Demonetization Decision and the Reaction of Stock Market Returns: The Pre & Post Study of BSE Index

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Abstract

This paper analyzes the impact of demonatization on stock market returns in indian context. The impact is measured in terms of daily returns over the very short term, short term, medium term and long term in pre and post period . The data has been collected from BSE India. The statistical tools used was Paired T-test over the period i.e., 5, 15, 30 and 90 days in pre and post period. The result showed insignificant impact of the announcement of demonetization on stock market returns during the study period. Thus, demonetization was in the favor of investment and the stock market showed positive respond. The implication of this paper will be helpful for investor, academiciation, researcher.

Keywords: *Demonetization, stock market returns, Pre demonetization period & Post demonetization period, BSE index*

Introduction

Demonetization has been experimented by the many countries in the past. some countries benefitted tremendously from the move while some terribly failed at it. Here are the some countries that have implemented the policy of demonetization. Nigeria in 1984, government of Muhammadu Buhari this nation introduced the new currency and banned the old notes, the change did not go well and the economy collapsed. Ghana during 1982, This nation ditched their 50 cedi notes. North Korea, the demonetization that happened in this nation in 2000 left people, no food and shelter. US(1969), Britain(1971) Myanmar(1987), Zaire(1990), Congo(1990), Australia(1996), North Korea(2015), Pakistan(2015).

In India the announcement was made on the evening of 8th Nov 2016 by the prime minster of India Narendra modi on unscheduled time televised address at 20:00 standard time. Demonetization for us means that Reserve bank of India has withdrawn the old Rs 500 an Rs 1000 notes as an official mode of payment.

Demonetization is the act of stripping a currency unit of its status as legal tender the RBI issued Rs 2000 notes and new notes of Rs 500 in the circulation from 10th Nov 2016 but notes of Rs100, Rs50, Rs20, Rs10, Rs5, Rs2, Rs1 will remain legal tender and unaffected by the decision.

Earlier demonetization has been faced by India: January 1946: Notes of Rs 500, Rs 1000, Rs 10,000 demonetized. On January 11, 1946, the government announced that notes of Rs 500, Rs 1000 and Rs 10,000 will not be legal tender from January 12, 1946. The front page of Indian Express from that day reads that the move was made with an aim to curb black marketing. The repercussions were similar with people dying of shock, exceptionally long lines at the bank and the middle classes being hit. The old notes were being sold at 60 and 70 per cent of their price. The move was called a 'death blow' to black marketers. Then again demonetization has been faced by India in January 1978: Notes of Rs 1000, Rs 5000, and Rs 10,000 demonetized.

The Janata Dal demonetized high currency notes of Rs 1000, Rs 5000 and Rs 10,000 in a second such historic move, again with a view to curb black money transactions. It was termed as "an Act to provide in the public interest for the demonetization of certain high denomination bank notes and for matters connected therewith or incidental thereto. "People who possessed these notes were given till January 24 the same year — a week's time — to exchange any high denomination bank notes. The one big difference with the announcement Tuesday is that Rs 1,000 and higher value notes were almost impossible to possess then for the common man given the value of these amounts then.

This measure has been taken by the government of India for the betterment and for preventing India from the corruption, black money, fake money and terrorism.

Concept Framework

Introduction

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Concept framework

Demonetization

Demonetization is the act of stripping a currency unit of its status as legal tender. Demonetization is necessary whenever there is a change of national currency. The old unit of currency must be retired and replaced with a new currency unit.

Demonetization is the Process of removing a currency from general usage, or circulation. De(degrading) Mone(money value) ti(in the) zation(nation).

Stock Market

A stock market, equity market or share market is the aggregation of buyers and sellers (a loose network of economic transactions, not a physical facility or discrete entity) of stocks (also called shares), which represent ownership claims on businesses; these may include securities listed on a stock exchange as well as those only traded privately.

The stock market is the market in which shares of publicly held companies are issued and traded either through exchanges or over-the-counter markets. Also known as the equity market, the stock market is one of the most vital components of a free-market economy, as it provides companies with access to capital in exchange for giving investors a slice of ownership in the company. The stock market makes it possible to grow small initial sums of money into large ones, and to become wealthy without taking the risk of starting a business or making the sacrifices that often accompany a high-paying career.

Stock market is a place where stocks, bonds, options and futures, and commodities are traded. Buyers and sellers exchange trade together via platform provided by stock exchange through computers. Trades are done during specific hours on business days Monday to Friday.

Effect of demonetization in India on the other fields

Agriculture

Transactions in the Indian agriculture sector are heavily dependent on cash and were adversely affected by the demonetization of 500 and 1,000 banknotes. Due to scarcity of the new banknotes, many farmers have insufficient cash to purchase seeds, fertilizers and pesticides needed for the plantation of Rabi crops usually sown around mid-November. Farmers and their unions conducted protest rallies in Gujarat, Amritsar and Muzaffar nagar against the demonetization as well as against restrictions imposed by the Reserve Bank of India on district cooperative central banks which were ordered not to accept or exchange the demonetized banknotes.

Banking

In the first four days after the announcement of the step, about 3 trillion in the form of old 500 and 1,000 banknotes had been deposited in the banking system and about 500 billion had been dispensed via withdrawals from bank accounts, ATMs as well as exchanges over the bank counters. Within these four days, the banking system has handled about 180 million transactions. The State Bank of India reported to have received more than 300 billion in bank deposit in first two days after demonetization. A spike in the usage of debit card and credit card post demonetization was also reported.

Railways

As of November 2016, Indian Railways did not have the option to make payment with cards at the counters. After the demonetization move, the government announced to make card payment options available at railway counters in the country.

Stock market crash

As a combined effect of demonetization and US presidential election, the stock market indices dropped to an around six-month low in the week following the announcement. The day after the demonetization announcement, BSE SENSEX crashed nearly 1,689 points and NIFTY 50 plunged by over 541 points. By the end of the intraday trading section on 15 November 2016, the BSE SENSEX index was lower by 565 points and the NIFTY 50 index was below 8100 intraday.

Tourism

Peak tourism period of November-December badly hit. For tourist destinations beyond metros, business may be down by as much as 40%. Tourism business in metros may go down by 10%. Cash shortage at airports and hotels are a big problem. And many national monuments entry points don't have card payments facilities. Western countries have issued advisories on cash crunch in India.

Gold

Scared by government warnings, sale of gold against old currency notes fell drastically. NRI customers have fled. Sales are down sharply, and it was already a bad year for gold.

Review of Literature

Masoud (2013) investigated on the impact of stock market performance on economic growth the author has suggested a positive relationship between efficient stock markets and economic growth, both in short run and long run.

Ali (2014) investigated on the impact of interest rate on stock market; Evidence from Pakistani market the author has found out that performance of Pakistani Stock market is highly dependent on political situation. The most important factor of any country's economy is its Stock market. But there are certain factors which have negative and positive impact on stock markets. The author has considered one factor that has impact these are inversely related with each other i.e. one increases other decreases.

Singh and Singh (2016) investigated out the impact of demonetization on Indian economy by the comparative analysis of impact on Indian stock market and Asian stock market in present scenario, they also showed the probable consequences of the demonetization on tax, interest rate, liquidity, GST, effect on parallel economy, effect on demand, effect on various economics entities, effect of GDP, effect on bank, effect on online transaction and alternatives modes of payments and also showed the short term Vs the longer term implications and they also found out the impact on various sectors.

Mallikarjunappa and Afsal (2008) investigated the impact of Derivatives on stock market volatility in India using the S&P CNX Nifty Index as a benchmark. The author has used the GARCH model for non-constant error variance in the return. The post effect showed that the sensitivity of the index returns to market returns and any day-of-the-week effects have disappeared.

Khaliq (2013) investigated the impact of stock market liquidity on economic growth in Jordan and the author identifies the position of stock market liquidity at Amman Stock Exchange (ASE) during the period from 1991 to 2011. For measurements of liquidity at ASE the author has used the various tools as; market capitalization to GDP, the turnover ratio. The author aimed to test the relationship between these indicators and the economic growth represented by the growth rate of GDP. The author has been found that market capitalization to GDP does not effect upon the economic growth but the turnover ratio has significant effect upon the economic growth.

Kominek (2003) investigated on the Stock markets and industry growth: an eastern European perspective. The author has found no evidence that the relative failure of the security market in the Czech Republic affected the country's economy. The author also analyzed the composition of Polish private equity offerings and founds that industries traditionally considered financially dependent were not among the largest Polish equity issuers.

Dueker et.al (2008) investigated on inflation, monetary policy and U.S. stock market conditions during the second half of the 20th century. The author has used a latent variable VAR to estimate the impact of inflation. The authors investigated the extent to which various shocks contribute to changes in market conditions. The authors found that disinflation shocks promote market booms and inflation shocks contribute to busts.

Kaur (2004) investigated month effect in Indian stock market. The author did not found a January effect in the Indian stock market, but the author found that March and September generated lower returns, whereas February and December generated positive returns, finally the author observed that February was one of the most volatile months when compared to April and March, in both the cases of NSE & BSE. The author presumed that it was due to the announcement of budget in that month.

Gupta and Kundu (2006) investigated the impact of Union Budget on stock market considering the returns and volatility in Sensex. The author found that budget have maximum impact in short-term post budget period, as compared to medium term and long term average returns and volatility does not generally increase in a post-budget situation as the time period increases.

Kutchu (2012) investigated semi-strong efficiency of Indian stock market. The study states the effect of union budget on six selected sectoral indices. The results of the study showed that there is a chance to make abnormal returns by the investor. The results, it seems to be inconclusive evidence about overall impact of budget either on the stock market or on a particular sector, but the results seem to point in the direction that the effect of the Budget may be company-specific.

S.Babu and Dr. M.venkateswara (2013) investigated the impact of Union Budgets on Indian stock prices. The period for the study was from 1991 to 2009 and findings say that budgets seem to have effect only up to fifteen trading days from the budget day as far as return is concerned. So investor must be very careful and very swift while investing just around and on the budget day. The authors also reported that a budget exerts the maximum impact in terms of absolute return immediately on and around the budget day which gradually gets reduced as one moves further away from the budget day.

Varadharajan and Vikkraman (2011) investigated the volatility of four major indices of Indian stock market and the effect of budget on the volatility of stock market from 2002-2011. They found that it is during the 25 post budget, volatility in the stock market is higher in comparison to pre-budget. Return of the indices post-budget is negative when compared to pre-budget. Month of May showed highest volatility followed by October and March showed high volatility. SENSEX and BSE 100 have higher standard deviation as compared to NIFTY and NIFTY JUNIOR in yearly analysis of the indices

Thomas and Shah (2002) investigated the Indian stock market index from April 1979 to June 2001covering 26 Budget dates in this period and finds that in some years, post–budget returns are positive; in other years post–budget returns are negative; on average, there is no clear pattern about movement in the Index after budget date. They report no evidence of over–reaction or under–reaction prior to Budget date, or immediately after it. Thus concludes that the information processing by stock market participants is rational, and that the Indian stock market is semi-strong efficient.

Chakradhara (2008) investigated the nature of relationship and the direction of causality between interest rates and stock prices in India for the period from April 1996 to June 2006. He found that there is a long run relationship between interest rates and stock prices. The long-term interest rates are found to affect stock prices negatively, whereas short-term interest rates affect stock prices positively

Mohanty (2004) investigated the stock price reaction to announcement of various policy issues by Government of India. The study covered the three industries, viz. the telecom sector, the banking and financing sector and the pharmaceutical sector. He used the event study methodology to assess the speed and accuracy of stock price reaction to public announcement. The results show that the stocks generally react to public news quite quickly, but the first adjustment is not always the correct one. There is also a mild evidence of presence of learning lag.

Objectives

The study analyses the impact of demonetization on Indian stock market. The sub objectives of the study include the following

1. To analyze and compare the returns i.e. variance of daily returns in the stock market (CNX NIFTY) for very short term (5 days), short term (15 days), medium term (30 days) & long term (90 days) in pre and post period.

2. To open new vistas for research.

Hypotheses For The Study

H0: There is no significant impact of demonetization on stock index returns.

H01: There is no impact of demonetization in very short term period (5days).

H02: There is no impact of demonetization in short term period (15days).

H03: There is no impact of demonetization in medium term period (30days).

H04: There is no impact of demonetization in long term period (90days).

Research Methodology

The study was descriptive in nature. Research contain all stock indices of Indian context Sampling frame consist of all indices of Indian context for financial year 2016-2017.Individual indices such as BSE SENSEX was used for study. Secondary source was used to collect the data, i.e official website from BSE India. Normality Test & Paired T-test was applied to find the pre-post impact of demonetization. The secondary data have been analyzed using the following statistical tools:

- First, the logarithmic daily returns have been found over the previous day's closing value during the entire 90 days before and after i.e. during the previous and the next 5, 15, 30 & 90 days are calculated.
- The Return is calculated using logarithmic method as follows.

$$R_t = \log (P_t / P_{t-1})$$

R_t = Market return at the period t

P_t = Closing Price of index at day t

P_{t-1} =Closing Price of index at day t-1

After this, the statistical tools, a paired T-test using SPSS have been applied on average returns.

Before	**Before**	**Before**	**Before**	**demonetization day**	**After**	**After**	**After**	**After**
90days	30days	15days	5days	day	5days	15days	30days	90days
8aug-8nov	8oct-8nov	24nov-8nov	4nov-8nov	8-Nov	9nov-13nov	9nov-23nov	9nov-9dec	9nov-9feb
(X4)	(X3)	(X2)	(X1)	(Z)	(Y1)	(Y2)	(Y3)	(Y4)

Period of study:

Hypothesis tests will be conducted in this part of analysis:

In this period of study, deviations between returns during the very short-term, short-term, medium-term and long-term periods in the post-impact of demonetization have been compared to one another, i.e., deviations between Y1 and X1, Y2 and X2, Y3 and X3, and Y4 and X4 respectively have been examined. These comparisons have been made because deviations are expected to increase or decrease with the time-period. The null Hypothesis in all the four tests assume no change.

ANAYLSIS AND DISCUSSION

Table 1:- Test of Normality

		Kolmogorov-Smirnov[a]			**Shapiro-Wilk**		
		Statistic	**df**	**Sig.**	**Statistic**	**df**	**Sig.**
5days	Pre4	0.274	3	.	0.944	3	0.545
	Pos4	0.28	3	.	0.938	3	0.519
15days	pre3	0.192	10	.200*	0.934	10	0.485
	post3	0.251	10	0.074	0.915	10	0.32
30days	pre2	0.109	20	.200*	0.954	20	0.427
	post2	0.126	20	.200*	0.968	20	0.711
90days	pre1	0.123	62	0.02	0.963	62	0.061
	post1	0.103	62	0.165	0.971	62	0.141

S. no	pre/post impact	Significant Value	normality
1	5days before (4nov-8nov)	0.545	normal
	5days after (9nov-13nov)	0.519	normal
2	15days before (24nov-8nov)	0.485	normal
	15days after (9nov-23nov)	0.32	normal
3	30days before (8oct-8nov)	0.427	normal
	30days after (9nov-9dec)	0.711	normal
4	90days before (8aug-8nov)	0.061	normal
	90days after (9nov-9feb)	0.141	normal

From the above table it is interpretated that all the date are normally distributed and further test can be applied.

Table 2:- Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Pre4 & post4(5days)	3	0.034	0.979
Pair 1	pre3 & post3(15days)	10	-0.073	0.841
Pair 1	Pre2 & post2(30days)	20	0.043	0.859
Pair 1	pre1 & post1(90days)	62	0.079	0.54

Table 3:- Paired Samples t-test

			Mean	N	Std. Deviation	Std. Error Mean
5days	Pair 1	pre4	0.3863	3	0.34869	0.20131
		post4	-0.5222	3	1.81361	1.04709
15days	Pair 1	pre3	-0.1774	10	0.68437	0.21642
		post3	-0.4435	10	1.16117	0.36719
30days	Pair 1	pre2	-0.0856	20	0.74031	0.16554
		post2	-0.0876	20	1.1186	0.25013
90days	Pair 1	pre1	-0.0317	62	0.71772	0.09115
		post1	0.0657	62	0.80668	0.10245

			Paired Differences					t	df	Sig. (2-tailed)
			Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
						Lower	Upper			
5days	Pair 1	pre4 - post4	0.90857	1.83531	1.05962	-3.65059	5.46774	0.857	2	0.482
15days	Pair 1	pre3 - post3	0.26604	1.39029	0.43965	-0.72852	1.2606	0.605	9	0.56
30days	Pair 1	pre2 - post2	0.00199	1.36194	0.30454	-0.63542	0.63939	0.007	19	0.995
90days	Pair 1	pre1 - post1	-0.09742	1.03631	0.13161	-0.36059	0.16575	-0.74	61	0.462

S. no	pre/post	correlation	t-value	sign	rejected/not rejected
1	5days before and after	0.034	0.857	0.482	not rejected
2	15days before and after	-0.073	0.605	0.56	not rejected
3	30days before and after	0.043	0.007	0.995	not rejected
4	90days before and after	0.079	-0.74	0.462	not rejected

5 DAYS

A paired sample t test has been conducted to evaluate whether a statistically significant difference exist between the returns of 5 days pre and post period. The result of the paired sample t test were insignificant, t=0.857, p >0.05, indicating that there is a no significant increase in the returns (M=0.90857,SD= 1.83531,N=3). The research retained the null hypothesis. The analysis has accepted the null hypothesis, so there is no impact of demonetization on the returns of short term period in BSE.

15 DAYS

A paired sample t test has been conducted to evaluate whether a statistically significant difference exist between the returns of 15 days pre and post period. The result of the paired sample t test were not significant, t= 0.605 , p >0.05, indicating that there is a no significant increase in the returns (M=0.26604,SD=1.39029,N=10). The research retained the null hypothesis. The analysis has accepted the null hypothesis, so there is no impact of demonetization on the returns of short term period in BSE.

30 DAYS

A paired sample t-test has been conducted to evaluate whether a statistically significant difference exist between the returns of 30 days pre and post period. The result of the paired sample t test were significant, t= 0.007, p >0.05, indicating that there is a no significant in the returns (M=-0.00199,SD=1.36194,N=20). The research retained the null hypothesis. The analysis has accepted the null hypothesis , so there is no impact of demonetization on the returns of medium term period in BSE.

90 DAYS

A paired sample t-test has been conducted to evaluate whether a statistically significant difference exist between the returns of 90 days pre and post period. The result of the paired sample t test were not significant, t= -0.74, p >0.05, indicating that there is a no significant in the returns (M=-0.09742,SD=1.03631,N=62). The research retained the null hypothesis. The analysis has accepted the null hypothesis, so there is no impact of demonetization on the returns of long term period in BSE.

Suggestions

1. The study can be wider with different context and with different seasonal events.
2. The study can be compared with the different sectors such as banking, railways, agriculture & households.
3. The study can be widen by comparing the event with other macroeconomic variables.

Conclusion

The results show that impact of demonatization does not have a significant impact on the BSE SENSEX. After using the paired T- Test, the impact of demonatization on returns is not significant whether in pre or post period, for very short period, short term, medium term & long term. The very short term, Short term, medium term and long term returns in pre and post announcement of demonetization period was same and the announcement did not have much impact on the returns that the impact of demonization has no significant effect on stock market returns as the value of significant is greater than 0.05 thus individual null hypotheses was not rejected. There is a scope to carry on further research in this area by the researchers

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Impact of Monetary Policy on Gross Domestic Product(GDP)

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Abstract

Gross Domestic Product(GDP) is the indicator of the economy growth. The present study investing the Impact of Monetary policy on GDP. The study examines the impact of different variables of monetary policy i.e. Money supply(M3) , Exchange rates and Inflation(WPI) on the growth of the country economy i.e. on GDP. The secondary data of the GDP is taken from the 2000-2016.Linear regression test was applied to know the relationship between the independent and dependent variables. Results indicated that exchange rates and money supply(M3)have significant negative impact on the GDP and Inflation(WPI) has insinificant negative impact on the GDP. So, we can say that the there are impact of monetary policy(i.e. Money supply , Exchange rates and Inflation(WPI) Adjusted R-squared(0.139793) on GDP of the country

.

Keywords: *Monetary policy,Money supply , Exchange rates,Wholesale price index,Gross domestic product.*

Introduction

Gross Domestic Product (GDP) is the monetory term or value of all the final produt or output and service manufactured or produced within the country for a specific time duration. GDP of the country are affected by so many internal and externals factors like if the manufacturing units stop doing the manufacturing then it directly shows their impact on the GDP of the country. We are checking the impact of the monetary policy on the GDP where we are taking money supply, inflation and exchange rates to check the impact of all the variables on the GDP.

Monetery policy is the policy or we can say that it is a process by which authority i.e. RBI cntroles the supply of the money in the market. It controls the target inflation rate or interest rate to ensure price stability and genral trust in the currency.

The variables of monetory policy are money supply, inflation rate and exchange rates .Performance of the GDP is very much depend upon the money supply, inflation and exchange rates. Because if the supply of money increases in the market the income of individual increases and they are able to buy the product and services and then the GDP increases.

To calculate the performance of the GDP we are taking the various factors which affect the market.As we discuss earlier that the market are not stable and vary every time .so to check the impact of various variables of monetary policy on the GDP we are doing this research.

Conceptual Framework

Monetary Policy

Monetary policy is the process by which the monetary authority i.e. RBI controls the supply of money and it often target an inflation rate or interest rate to ensure price stability and general trust in the currency.

Money Supply

As we all know that Money is ths medium of exchange of some thing with money.So to take care of that money and make that money circulated and easily accessable by others the term money supply is used.

The **money supply** or **money stock**, is the total amount of monetary assets available in an economy at a specific time. There are several ways to define "money", but standard measures usually include currency in circulation and demand deposits.

Money supply data are published by the Indian government or we can say that the centaral bank of the india. In this, both the public and private sector analysts have a sharp glance.
And according to the analysts the change in money supply affects the price level of the country economy, inflation, the exchange rate and the business cycle.

Business cycle means the downward and upward movement of gross domestic product (GDP) around its long-term growth trend.The length of a business cycle is the period of time containing a single boom and contraction in sequence. These fluctuations typically involve shifts over time between periods of relatively rapid economic growth (expansions or booms), and periods of relative stagnation or decline.

In others words we can say that the money supply is the total amount of money accessible and circulated by the country.

The Reserve Bank of India defines the monetary aggregates as:

- **M3**: (Broad concept of money supply)M1+ Time deposits with the banking system = Net bank credit to the Government + Bank credit to the commercial sector + Net foreign exchange assets of the banking sector + Government's currency liabilities to the public – Net non-monetary liabilities of the banking sector (Other than Time Deposits).

Inflation

The term inflation refers to the continuous rise in the prices of goods and services and the measuring price index of inflation is wholesale price index.

In India, the wholesale price index (WPI) is the main measure of inflation. The WPI measures the price of a representative basket of wholesale goods. In India, The wholesale price index (WPI) is based on the wholesale price of a few relevant commodities of over 240 commodities available. The commodities chosen for the calculation are based on their importance in the region and the point of time the WPI is employed. The indicator tracks the price movement of each commodity individually. Based on this individual movement, the WPI is determined through the averaging principle.

Exchange Rate

The value of the domestic currency in terms of another currency is known as exchange rate of the currency. In exchange rate there are two components first one is the domestic currency and another one is the foreign currency. In a direct quotation, the price of a unit of foreign currency is shown in terms of the domestic currency and in indirect quotation the price of a unit of domestic currency is shown in terms of the foreign currency.

Gross Domestic Product

Gross Domestic Product (GDP) is the monetory term or value of all the final produt or output and service manufactured or produced within the country for a specific time duration. GDP can be calculated quarterly or annualy basis. In GDP all the companies(private and public) are come under GDP.In GDP product which are consumed , investments, government outlays and export after substracting the import within a territory.

GDP is used as a indicator to see or check the economic health of the country and also to gauge of the country’s standards of living. The process of measuring the GDP of the country is vary country to country. It is also used to calculate the productivity of the various country.

Literature Review

Rajesh Garg and Sumit Gupta (2013) have found that there is always the problem of assigning to each instrument the most appropriate target or objective. It is clear from both the theoretical literature and the empirical findings that, among various policy objectives, monetary policy is best suited to achieve the goal of price stability in the economy. In today‘s altered economic context, a low and stable price environment is being increasingly regarded as an essential condition for bringing down the nominal interest rate and for improving the growth and productive potential of the economy.

Irfan hameed and Ume-amen (2001) This research article focused on the impact of Monetary Policy on GDP. GDP no doubt is affected by the Monetary Policy. The research papers of various authors have been studied in this regard to prove the Hypothesis and after in depth analysis by applying Regression Analysis technique it has been observed that the relationship between the two exists. The data of past 30 years of Pakistan has been used for driving the conclusion. The study proved that the interest rate has minor relationship with GDP but the Growth in Money Supply greatly affects the GDP of an economy, obviously various unknown factors also affects the GDP. Growth in Money Supply has a huge impact on GDP. The Research study can further be used for developmental projects for the Growth of Economy, Quality improvements, Household production, the underground economy, Health and life expectancy, the environment, Political immunity and ethnic justice.

Prasanna V Salian1 and Gopakumar(2008) This study has been motivated by the recent developments in the literature on the relationship between inflation and growth and the apparent contradictory evidence provided for the developed and developing economies. In this paper, the cointegration and error correction models have used to 25 empirically examine long-run and short-run dynamics of the inflation-economic growth relationship in India using annual data. The main objective was to examine whether a relationship exists between economic growth and inflation and, if so, its nature. The interesting results found in this exercise is that the, inflation and economic growth are negatively related. Second, the sensitivity of inflation to changes in growth rates is larger than that of growth to changes in inflation rates.

Iqra Ihsan & Saleem Anjum (2013) High rate of inflation has adversely affected the economy of Pakistan which is a result of excessive supply of money (M2) by SBP. This study reveals the impact of money supply (M2) on the GDP of Pakistan whereby they have seen inflation rate in double digits. They have taken three indicators that is interest rate, CPI and inflation rate because money supply is affected either one of them. By using regression model, it is proved that Interest rate and CPI have a significant relation with GDP of Pakistan but inflation has no significant relation with the GDP of Pakistan.

A.L.Mohamed Aslam (2016) The objective of the study was to test the impact of money supply on economic growth of Sri Lankan economy. To achieve this objective, the main independent variable in this study was the money supply. Then, the following independent variables such as the inflation rate, the export earnings, the import outflow, the exchange rate are considered as the control variable of this study. On the other hand, the gross domestic product is as dependent variable. According to the estimated model, the money supply positively and also significantly impacts on the gross domestic product of Sri Lanka. Therefore, if the authority of money supply increases the money supply, the economic growth of Sri Lanka can be increased.

Nwankwoeze Ikechukwu (2008) The study examined the impact of money supply on economic growth in Nigeria. In the model specified, real gross domestic product (real GDP) is the regress while broad money supply, real exchange rate, and real interest rate are the repressors'. Data was collected from CBN statistical Bulletin for the period 1981 – 2010. The statistical techniques used for the analysis is the ordinary least square techniques with the aid of Stata 10 software package. The research indicates that real interest rate and real exchange rate in Nigeria within the period under study failed to influence real gross domestic product while broad money supply being the only significant regressor influenced real gross domestic product (real GDP) within the period under study.

Biswajit Maitra (2011) This paper examined the effectiveness of anticipated and unanticipated money in the variations of output in Singapore over the periods 1971-72 to 2007-08. The study has found that money supply and output in Singapore are cointegrated. No cointegration is found between output and anticipated money. Short-run dynamics of the cointegrated variables testifies that money supply of the immediate past period leads to rise in output. The study also examines the invariance proposition of rational expectations and found the evidence that the unanticipated part of money supply has significant role in the variations of output growth.

Objectives Of The Study

- To find out the impact of WPI on GDP.
- To find out the impact of money supply on GDP.
- To find out the impact of Exchange rates on GDP.
- To find out the impact of Monetary policy (WPI, Money supply and Exchange rates) on GDP.
- To open the new vistas for further study.

Research Methodology

The study was causal in nature. Secondary data was used for the study purpose. TO seethe impact of Monetary policy on GDP . M3 was taken as the indicator of money supply, WPI is taken as the measuring index of Inflation and GDP was taken as indicator of Economic growth. 16 financial years data was the sample size for the study

2.1The sample design

2.1.1Population: All the Monetory policy variables.

2.1.2 Sampling Frame: Gross domestic product was taken.

2.1.3 Sample size: Data of Money supply, Inflation,Exchange rates of India and Gross domestic product of 2000-01 to 2015-16 was taken as sample.

2.1.4 Sampling Technique: Non-Probability judgemental sampling.

2.2.Tools for data collection:

The secondary data i.e Money supply, Inflation,Exchange rates, GDP of India were collected from the official website of RBI.

2.4 Tools for data analysis:

- Unit root test to check the stationarity of the data .
- Regression OLS test was applied to check the impact of monetary policy on GDP.

2.5 Null Hypothesis:

$H0_1$: There is no impact of Excahange rates on the GDP.

$H0_2$: There is no impact of Inflation(WPI) on the GDP.

$H0_3$: There is no impact of money supply(M3) on the GDP.

$H0_4$: There is no impact of monetary policy on the GDP.

Result and Discussion

Unit root test

Null Hypothesis: The data has Unit root

Variables	t- Statistics	Prob.	Test Critical Value	Level or Difference
GDP	-8.352345	0.0000	-4.115684	1st difference at 1%
WPI	-9.791097	0.0000	-4.115684	1st difference at 1%
M_3	-13.85577	0.0000	-4.121303	2nd difference at 1%

ERL	-8.277214	0.0000	-4.113017	1st difference at 1%

The first stage of the empirical investigation is to test for the stationarityof GDP data using the univariate ADF Unit Root test. The Augmented Dickey Fuller Unit Root tests were applied to check the stationarity of data by using Eviews-9. Unit root test showed that all variables stationary at level order of integration. Augmented Dickey Fuller Unit Root test statistics are greater than their critical values considered at level of significance was considered for GDP, Wholesale price index, $M_{3,}$ Exchange rates.GDP,Wholesale price index and Exchange rates have significant at difference at 1% and M3 is significant at 2nd difference at 1%. Hence, null hypothesis is accepted that data has unit root.

Ordinary Least Square Regression

$H0_1$: There is no impact of Exchange rates on GDP.

Dependent Variable: D(GDPL)				
Method: Least Squares				
Date: 04/04/17 Time: 13:03				
Sample (adjusted): 2 64				
Included observations: 63 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.028887	0.010089	2.863262	0.0057
D(ERL)	-0.681990	0.274010	-2.488925	0.0156
R-squared	0.092191	Mean dependent var		0.024853
Adjusted R-squared	0.077309	S.D. dependent var		0.082282
S.E. of regression	0.079038	Akaike info criterion		-2.206550
Sum squared resid	0.381065	Schwarz criterion		-2.138514
Log likelihood	71.50634	Hannan-Quinn criter.		-2.179792
F-statistic	6.194749	Durbin-Watson stat		2.223886
Prob(F-statistic)	0.015557			

Ordinary least square regression test was applied to know the impact of Exchange rates independent variable on GDP taken as dependent variable. R Square 0.092191shows 9% impact on dependent variable. It indicates Exchange rates explain 9% variance with dependent variable i.e. Exchange rates tested through t-test and values -2.488925 significantly contributed to GDP at 0% level of significance. Exchange rates has negative impact on GDP. Durbin-Watson stat. is 2.223886it shows no auto-correlation among the variables. It is consider that if Durbin Watson value lies between 1 to 3 it indicates no auto correlation among variables and the regression is not a spurious regression. F- statistics 6.194749significant at 5% level of significance it shows overall model is good fit. Hence null hypothesis that is there is no impact of Exchange rates on GDP is rejected.

$H0_2$: There is no impact of Inflation(WPI) on GDP.

Dependent Variable: D(GDPL)				
Method: Least Squares				
Date: 04/04/17 Time: 13:04				
Sample (adjusted): 2 64				
Included observations: 63 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.024918	0.010442	2.386340	0.0201
D(WPIL)	-0.033375	0.093759	-0.355964	0.7231
R-squared	0.002073	Mean dependent var		0.024853
Adjusted R-squared	-0.014287	S.D. dependent var		0.082282
S.E. of regression	0.082868	Akaike info criterion		-2.111904
Sum squared resid	0.418893	Schwarz criterion		-2.043868
Log likelihood	68.52499	Hannan-Quinn criter.		-2.085145
F-statistic	0.126711	Durbin-Watson stat		2.260468
Prob(F-statistic)	0.723096			

Ordinary least square regression test was applied to know the impact of WPI independent variable on GDP taken as dependent variable. R Square 0.002073 shows 0.2% impact on dependent variable. It indicates Exchange rates explain 0.2% variance with dependent variable i.e. WPI tested through t-test and values -0.355964 is not significantly contributed to GDP at 0% level of significance WPI has negative and no impact on GDP. Durbin-Watson stat. is 2.260468 it shows no auto-correlation among the variables. It is consider that if Durbin Watson value lies between 1 to 3 it indicates no auto correlation among variables and the regression is not a spurious regression. F- statistics 0.126711 is not significant at 5% level of significance it shows overall model is not good fit. Hence null hypothesis that is there is no impact of Exchange rates on GDP is not rejected.

$H0_3$: There is no impact of M3 on GDP.

Dependent Variable: D(GDPL)				
Method: Least Squares				
Date: 04/04/17 Time: 13:08				
Sample (adjusted): 2 64				
Included observations: 63 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.069070	0.021650	3.190259	0.0022
D(M3L)	-1.417535	0.615205	-2.304167	0.0246
R-squared	0.080067	Mean dependent var		0.024853
Adjusted R-squared	0.064986	S.D. dependent var		0.082282
S.E. of regression	0.079564	Akaike info criterion		-2.193284
Sum squared resid	0.386154	Schwarz criterion		-2.125248
Log likelihood	71.08844	Hannan-Quinn criter.		-2.166525
F-statistic	5.309185	Durbin-Watson stat		2.410653
Prob(F-statistic)	0.024634			

Ordinary least square regression test was applied to know the impact of M3 independent variable on GDP taken as dependent variable. R Square 0.064986shows 6% impact on dependent variable. It indicates M3 explain 6% variance with dependent variable i.e. M3 tested through t-test and values -2.304167 is significantly contributed to GDP at 0% level of significance M3 has negative impact on GDP. Durbin-Watson stat. is 2.410653it shows no auto-correlation among the variables. It is consider that if Durbin Watson value lies between

1 to 3 it indicates no auto correlation among variables and the regression is not a spurious regression. F- statistics 5.309185significant at 5% level of significance it shows overall model is good fit. Hence null hypothesis that is there is no impact of M3 on GDP is rejected.

$H0_4$: There is no impact of Exchange rates,M3 and WPI on GDP.

Dependent Variable: D(GDPL)				
Method: Least Squares				
Date: 04/03/17 Time: 13:32				
Sample (adjusted): 2 64				
Included observations: 63 after adjustments				
Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.077408	0.021470	3.605331	0.0006
D(ERL)	-0.721736	0.268128	-2.691757	0.0092
D(M3L)	-1.551799	0.611925	-2.535930	0.0139
D(WPIL)	0.061159	0.090579	0.675198	0.5022
R-squared	0.181416	Mean dependent var		0.024853
Adjusted R-squared	0.139793	S.D. dependent var		0.082282
S.E. of regression	0.076315	Akaike info criterion		-2.246517
Sum squared resid	0.343612	Schwarz criterion		-2.110445
Log likelihood	74.76527	Hannan-Quinn criter.		-2.192999
F-statistic	4.358564	Durbin-Watson stat		2.366029

Prob(F-statistic)	0.007704	

Ordinary least square regression test was applied to know the impact of Exchange rates,M3 and WPI taken as independent variable on GDP taken as dependent variable. Adjusted R Square 0.139793 shows 13.98% impact on dependent variable. It indicates that Exchange rates,M3 and WPI explain 13.98% variance with dependent variable i.e GDP. Exchange rates, M3 and WPI tested through t-test and values -2.69, -2.54 and 0.67 significantly contributed to GDP at 0% level of significance. WPI has positive impact but not significant impact on GDP whereas Exchange rates and M3 has negative but significant impact on GDP. Durbin-Watson stat. is 2.366029 it shows no auto-correlation among the variables. It is consider that if Durbin Watson value lies between 1 to 3 it indicates auto correlation among variables and the regression is not a spurious regression.F-statistics 4.358564 significant at 5% level of significance it shows overall model is good fit. Hence null hypothesis that is there is no impact of exchange rates and M3 on GDP is rejected but there is impact of WPI on GDP is not rejected.

Implications

1. With the help of this research government can know the pattern of monetary policy and its impact on GDP.it is helpful to assist the efficiency of economy.
2. It may also helpful to know the fluctutaions of monetary policy and on the basis of this decision can be taken by the poicy maker.
3. This study is also helpful for the exchange houses so that they can focus on the particular variables which effect the economic development of the country.
4. This study can be used by different researches for further research.

Suggestions

1. In this study we take the data of 16 years and on the quarterly basis but we can also take the data yearly wise.
2. We take the GDP of the country but we can also take some different areas for the studies.

3. We only use the regression test to see the relationship between the independent and dependent variables but we can also take some other variables to improve the study of the research.
4. In our research we take only some variables from the monetary policy but in further studies we can involve some other variables to improve the results of the study.

Limitations

1. Data was available in quarterly format and other variable were not available.
2. We can also take the data of some other sectors.

Conclusion

Our study investigated the impact monetary policy on GDP. The analysis is carried on the quarterly in the time span of april 2000 to march 2016. The results of Regression test confirmed that theInflation(WPI) has no significant and very neglizible and negative impact on GDP whereasMoney supply(M3) and Exchange rates have negative but significant impact on GDP.

From the above results it can be seen that when exchange rate goes increase, the GDP of the country goes down. As we know that most of the trade of India is done within US Dollar and the Indian currency is weak in comparision to US Dollar.So will exchange rate increase the country has to pay more currency to the another country and it affects negative to the economic growth. Our results are supported by Dr.G.jayachandran, he also found significant negative impact of exchange rate on economy growth. On other hand, when Money supply goes increases, the GDP of the country goes down. As we know that the the change in money supply affects the price level of the country economy. So if the flow of money increases in the market the value of the rupee decreases and if affect the economic growth of the country. Our results are supported by Irfan hameed and Ume-amen , he also found significant negative impact of Money Supply on GDP. Where as there are no significant relationship will found between the Inflation(WPI) and GDP. Our results are supported by Faraji Kasidi ,he found that the inflation has negative and no impact on Economic Growth.

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Relationship Between NSE Returns and GDP

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Abstract

The research mainly explores the effect of NSE Returns on GDP. The study considered GDP or gross domestic product as dependent and NSE stock returns as independent. Further it included some other independent variables like P/e ratio, P/b ratio and D/y ratio. If the returns from NSC will increase growth of the economy will also increase and vice-versa. This study revealed that there is strong relationship between these variables. To check the relationship statistical tools through SPSS software was applied.

Key words: *NSE Returns, P/e ratio, P/b ratio, D/y ratio and GDP*.

Introduction:

Conceptual Framework

The stock market refers to the collection of markets and exchange where the issuing and trading of equities (stocks of publicly held companies), bonds and other sorts of securities takes place, either through formal exchanges or over the counter markets. Also known as the equity market, the stock market is one of the most vital components of a free-market economy, as it provides companies with access to capital in exchange for giving investors a slice of ownership. Gross domestic product (GDP) is the monetary value of all the finished goods and services produced within a country's borders in a specific time period. Though GDP is usually calculated on an annual basis, it can be calculated on a quarterly basis as well. GDP includes all private and public consumption, government outlays, investments and exports minus imports that occur within a defined territory**.** The stock market affects gross domestic product (GDP) primarily by influencing financial conditions and consumer confidence. When stocks are in a bull market, there tends to be a great deal of optimism surrounding the economy and the prospects of various stocks. High valuations allow companies to borrow more money at cheaper rates, allowing them to expand operations, invest in new projects, and hire more workers. All of these activities boost GDP.

When stock prices are low, it negatively affects GDP through the same channels. Companies are forced to cut costs and workers. Businesses find it difficult to find new sources of financing, and existing debt loads become more onerous. Due to these factors and the pessimistic climate, investing in new projects is unlikely. These have a negative effect on GDP.

Consumer spending drops due to lower stock prices. This is due to increased rates of unemployment and greater unease about the future. Stockholders lose wealth with stocks in a bear market, denting consumer confidence. These also negatively affect GDP.

The stock market's effect on GDP is less discussed than the effect of GDP on the stock market. This is much more clear. When GDP rises above consensus or expectations of GDP rise, it is bullish for stocks as it leads to increases in corporate earnings. The inverse happens when GDP falls lower than consensus or expectations of GDP decline.

Stock Market

A stock market, or share market is the market where trading of shares of different companies which represent ownership claims on businesses are taking place ; these may include securities listed on a public stock exchange as well as those only traded privately. A stock exchange is a place where, or an organization through which, individuals and organization can trade stocks. Many large companies have their stock listed on a stock exchange. This makes the stock more liquid and thus more attractive to many investors. It may also act as a guarantor of settlement. Other stocks may be traded "over the counter" (OTC), that is, through a dealer. Some large companies will have their stock listed on more than one exchange in different countries, so as to attract international investors.

Stock exchanges may also cover other types of securities, such as fixed interest securities (bonds) or (less frequently) derivatives, which are more likely to be traded OTC.

Stock market is one of the most important method for companies to raise finance , along with debt markets which are generally more imposing but do not trade publicly. This permits organizations to be traded on an open market, and raise extra budgetary capital for extension by offering shares of responsibility for organization in an open market. An economy where the stock market is on the rise is considered to be an up-and-coming economy. The stock market is often considered the primary indicator of a country's economic strength and development.

Stock Market Return

Stock Market Returns are the returns that the investors generate out of the stock market. This return could be in the form of profit through trading or in the form of dividends given by the company to its shareholders from time-to-time.

Stock Market Returns can be made through dividends announced by the companies. Generally at the end of every quarter, a company making profit offers a part of the profit to the shareholders. This is one of the source of stock market return one investor could expect. The most common form of generating stock market return is through trading in the secondary market. In the secondary market an investor could earn stock market return by buying a stock at lower price and selling at a higher price.

Stock Market Returns are not fixed ensured returns and are subject to market risks. They may be positive or negative. Stock Market Returns are not homogeneous and may change from investor-to-investor depending on the amount of risk one is prepared to take and the quality of his Stock Market Analysis. In opposition to the fixed returns generated by the bonds, the stock market returns are variable in nature. The idea behind stock return is to buy cheap and sell at higher price. But risk is part and parcel of this market and an investor can also see negative returns in case of wrong speculations.

NSE

NSE is India's leading stock exchange with more than 1300 companies listed on it representing the length, breadth and diversity of the Indian economy including from hi-tech to heavy industry, software, refinery, public sector units, infrastructure, and financial services. It is the preferred designated stock exchange for most large companies in India. This section provides detailed information on all these companies and also filings done by them. The National Stock Exchange of India Ltd. (NSE) is an Indian stock exchange located at Mumbai, Maharashtra, India. National Stock Exchange (NSE) was established in 1992 as a demutualised electronic exchange. NSE provides a modern, fully automated screen-based trading system, with over two lakh trading terminals, through which investors in every nook and corner of India can trade. NSE has a market capitalization of more than US$1.4 trillion making it one of the world's top twenty stock exchanges by market capitalization.

P/E ratio

The price/earnings ratio (PER) is the most widely used method for determining whether shares are "correctly" valued in relation to one another. But the PER does not in itself indicate whether the share is a bargain. The PER depends on the market's perception of the risk and future growth in earnings. A company with a low PER indicates that the market perceives it as lower risk or lower growth or both as compared to a company with a higher PER. The PER of a listed company's share is the result of the collective perception of the market as to how risky the company is and what its earnings growth prospects are in relation to that of other companies.

P/B Ratio

The price-to-book ratio (P/B Ratio) is a ratio used to compare a stock's market value to its book value. It is calculated by dividing the current closing price of the stock by the latest quarter's book value per share.

Calculated as:

$$\text{P/B Ratio} = \frac{\text{Stock Price}}{\text{Total Assets - Intangible Assets and Liabilities}}$$

A lower P/B ratio could mean that the stock is undervalued. However, it could also mean that something is fundamentally wrong with the company.

D/Y Ratio

A financial ratio that indicates how much a company pays out in dividends each year relative to its share price. Dividend yield is represented as a percentage and can be calculated by dividing the dollar value of dividends paid in a given year per share of stock held by the dollar value of one share of stock. The formula for calculating dividend yield may be represented as follows:

$$= \frac{\text{Annual Dividends Per Share}}{\text{Price Per Share}}$$

GDP (Gross Domestic Product)

GDP refers to the gross domestic product of the country i.e. sum total of goods and services produced in a country during one year. It is measured in terms of a country's economy and GDP growth is measured as economic growth. Nominal GDP are used to measure economic performance of a country and also used for comparison internationally. It represents the total dollar value of all goods and services produced over a specific time period; you can think of it as the size of the economy. Usually, GDP is expressed as a comparison to the previous quarter or year.

Literature Review

According to Ross Levine and Sarazervos (1998) stock market liquidity and banking development both positively predicted growth, capital accumulation, and productivity improvements when entered together in regressions, even in the wake of controlling for monetary and political elements.The outcomes were consistent with the views that financial markets provided important services for growth, and that stock markets provided different services from banks.The paper additionally found that securities exchange size, unpredictability, and international integration were not robustly linked with growth, and that none of the financial indicators was closely associated with private saving rates.

Peter A. Diamond (2000) identified the inconsistency of current share prices and 7.0 percent real returns, given OCACT's assumptions for GDP growth, could be illustrated in two ways. The first way was to project the ratio of the stock market's value to GDP, starting with today's values and given assumptions about the future. The second way which was based on Gordon's model, wheretoday's values represented a steady state in the ratio of stock values to GDP.

Arestis ,Demetriades , Luintel (2009) studied the relationship between financial development and economic growth, which focused on the effects of stock market development . Their empirical analysis showed that while stock markets may be able to contribute to long-term output growth, their influence was, at best, a small fraction of that of the banking system. Specifically, both stock markets and banks seem to have made important contributions to output growth in France, Germany and Japan, even though the latter's contribution had ranged from about one-seventh to around one-third of the latter. Finally, the link between financial development and growth in the United Kingdom and the United States was found to be statistically weak and, if anything, to run from growth to financial development. Thus, their findings were consistent with the view that bank-based financial systems may be more able to promote long-term growth than capital-market-based ones. They also suggested that stock market volatility had negative real effects in Japan and France. In the case of the United Kingdom stock market volatility seems to have exerted negative effects both on financial development and output. Finally, the effects of stock market volatility in Germany were found to be insignificant.

LO Brasoveanu, V Dragota(2008) found that there is a feed-back effect between capital market trade volume and economic growth. The regressions and vector autoregressive suggest that the capital market development was positively correlated with economic growth, with feed-back effect, but the strongest link was from economic growth to capital market, suggesting that financial development follows economic growth, economic growth determining financial institutions to change and develop. This results was consistent with the second possibility of a causal relationship between financial development and economic growth.

Bartram and Bodnar(2006) identified a fundamental issue in modern global finance is the degree to which exchange rate fluctuations influence firms' stock returns. The changes in exchange rates can affect stock returns either by altering firms' expected cash flows or the cost of capital used to discount these cash flows. They illustrated the importance of exchange rate exposure in the firm-level stock return generating process using a large sample of non-financial firms from 37 countries, both developed and emerging, over the period 1994 - 2006.

Torre ,Juan Carlos Gozzi, Sergio L. Schmukler (2007) stated that over the last two decades, a large number of countries, both developed and developing, had implemented significant capital market reforms, including stock market liberalization, improvements in securities clearance and settlements systems, and the development of regulatory and supervisory frameworks. These were supported by the growing cross-sectional empirical evidence on the determinants of stock market development, which shows that countries with sounder macroeconomic policies, better institutional environments, and more efficient legal systems, especially regarding the protection of minority investors, have more developed domestic mark. They tried to shed light into these issues, by analyzing how capital market specific and related reforms have impacted the development of both domestic stock markets and the internationalization of stock market activities listing, trading, and capital raising.

Objectives of the Study

1. To tabulate the data series.
2. To establish relationship between stock returns and GDP (Gross Domestic Product).

Research Methodology

The Study

The study was causal in nature and it used secondary data for analysis. The purpose of study was to establish the relationship between dependent and independent variables. The study considered GDP or gross domestic product as dependent and NSE stock returns as independent. Further it included some other independent variables like P/b ratio, P/e ratio, D/y ratio. The population of study was the returns of NSE 500. Quarterly returns and GDP were the sampling element.

Tools for Data Collection

Since the study used secondary data for analysis and hence the data was collected through the websites of www.nseindia.com , www.google.co.in, www.rbi.org.in.

Tools for Data Analysis

- Normality of data was check through Kolmogorov–Smirnov test (K–S test) (See Annexures)
- Regression was applied to check the relationship.

Hypothesis

- $H_{01=}$ There is no relationship between stock returns and GDP (Gross Domestic Product).

Results and Discussion

K-S test

The normality of the data was checked through Kolmogrov-Smirnov test and found that the test distribution was normal and hence linear regression can be applied.

Table: regression analysis for relationship between NSE Returns and GDP growth.

Model Summary

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0 1	.867[a]	.752	.747	3566.44296

a. Predictors: (Constant), nsereturns

ANOVA

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.925E9	1	1.925E9	151.373	.000[a]
	Residual	6.360E8	50	1.272E7		
	Total	2.561E9	51			

a. Predictors: (Constant), nsereturns

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.925E9	1	1.925E9	151.373	.000[a]
	Residual	6.360E8	50	1.272E7		
	Total	2.561E9	51			

a. Predictors: (Constant), nsereturns

b. Dependent Variable: growthrate

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	91.337	1271.283		.072	.943
	Nsereturns	3.019	.245	.867	12.303	.000

a. Dependent Variable: growthrate

The Linear regression was applied between independent and dependent variable. NSE Returns were taken as independent variable and GDP growth was taken as a dependent variable. The goodness of fit for the model is tested by using ANOVA and the F-value was found to be significant in all the cases, indicating that the model has high fit. Hence the null hypothesis that the "GDP growth is not associated with NSE returns is rejected that means both the variables are associated. Further the value of R square (.752) predicts that dependent variable is explained by 75.2 %. The coefficient statistics also revealed that the t value (.072) is significant at p value (.943). ANOVA summary reported that the f value (151.373) is significant at .000[a] level of significance hence the model has high fit.

Regression analysis for relationship between NSE Returns, P/b ratio, P/e ratio, D/y ratio and GDP growth.

Model Summary

Model		R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0	1	.958[a]	.917	.910	2078.07539

a. Predictors: (Constant), dyratio, pbratio, nsereturns, patio

ANOVA:

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2.206E9	4	5.516E8	127.731	.000[a]
	Residual	1.986E8	46	4318397.320		
	Total	2.405E9	50			

a. Predictors: (Constant), dyratio, pbratio, nsereturns, patio

b. Dependent Variable: growthrate

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	9270.384	5351.704		1.732	.090
	NSE returns	3.861	.240	1.122	16.104	.000
	Patio	-633.882	182.800	-.308	-3.468.	001
	Pbratio	-1099.778	523.860	-.134	-2.099	.041
	Dyratio	2107.263	1548.542	.114	1.361	.180

a. Dependent Variable: growthrate

The multiple Linear regression was applied between independent and dependent variable. NSE Returns, P/b ratio, P/e ratio and D/y ratio were taken as independent variable and GDP growth was taken as a dependent variable. The goodness of fit for the model is tested by using ANOVA and the F-value was found to be significant in all the cases, indicating that the model has high fit. Further the value of R square (.917) predicts that dependent variable is explained by 91.7 %. The coefficient statistics also revealed that the t value for NSE returns (16.104) is significant at p value (.000), t value of P/b ratio 2.099) is significant at p value (.041), t value of P/e ratio (-3.468) is significant at p value (001) and t value of D/y ratio (1.361) is not significant at p value (.180).

Hence, NSE returns is positively related with GDP growth, if the returns will increase growth of the economy will also increase and vice-versa.

Price earnings ratio is the earning per share price and if we want to increase the growth then the price should be decreased and earning should increase but p/e ratio is Price/ Earning.

P/b ratio is the price book ratio i.e. present value of share which is increasing day by day and hence growth is declining. Hence, P/e ratio and P/b ratio showed a negative relationship with GDP growth.

Conclusion

The study has been done to evaluate the relationship between the NSE Returns and GDP growth. All the measures are reliable as indicated by the reliability measure which is higher than 0.7. In this study the NSE Returns is independent variable and GDP growth is dependent variable. The study has been done on the returns of NSE 500. From our analysis, the findings indicate that there is positive impact of NSE Returns on GDP growth. If the returns from NSE will increase the GDP growth will also increase.

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Annexures

One-Sample Kolmogorov-Smirnov Test

		nsereturns	peratio	pbratio	dyratio	growthrate
N		52	52	51	52	52
Normal Parameters[a,b]	Mean	4772.4535	19.2710	3.6924	1.4425	14500.2242
	Std. Deviation	2035.09870	3.33926	.84332	.37164	7086.80811
Most Extreme Differences	Absolute	.072	.111	.146	.164	.212
	Positive	.068	.063	.146	.164	.212
	Negative	-.072	-.111	-.076	-.065	-.146
Kolmogorov-Smirnov Z		.522	.798	1.041	1.185	1.530
Asymp. Sig. (2-tailed)		.948	.547	.229	.120	.018

a. Test distribution is Normal.

b. Calculated from data.

Descriptive Statistics

	Mean	Std. Deviation	N
growthrate	14257.4241	6935.45224	51
nsereturns	4716.7153	2014.86416	51
peratio	19.2459	3.36754	51
pbratio	3.6924	.84332	51
dyratio	1.4410	.37517	51

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	9270.384	5351.704		1.732	.090		
	nsereturns	3.861	.240	1.122	16.104	.000	.370	2.702
	peratio	-633.882	182.800	-.308	-3.468	.001	.228	4.388
	pbratio	-1099.778	523.860	-.134	-2.099	.041	.443	2.260
	dyratio	2107.263	1548.542	.114	1.361	.180	.256	3.908

a. Dependent Variable: growthrate

Correlations

		growthrate	nsereturns	peratio	pbratio	dyratio
Pearson Correlation	growthrate	1.000	.861	.248	-.389	-.216
	nsereturns	.861	1.000	.641	-.031	-.588
	peratio	.248	.641	1.000	.515	-.836
	pbratio	-.389	-.031	.515	1.000	-.543
	dyratio	-.216	-.588	-.836	-.543	1.000
Sig. (1-tailed)	growthrate	.	.000	.040	.002	.064
	nsereturns	.000	.	.000	.414	.000
	peratio	.040	.000	.	.000	.000
	pbratio	.002	.414	.000	.	.000
	dyratio	.064	.000	.000	.000	.
N	growthrate	51	51	51	51	51
	nsereturns	51	51	51	51	51
	peratio	51	51	51	51	51
	pbratio	51	51	51	51	51
	dyratio	51	51	51	51	51

Variables Entered/Removed[b]

Model	Variables Entered	Variables Removed	Method
1	dyratio, pbratio, nsereturns, peratio[a]	.	Enter

a. All requested variables entered.

b. Dependent Variable: growthrate

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	9270.384	5351.704		1.732	.090		
	nsereturns	3.861	.240	1.122	16.104	.000	.370	2.702
	peratio	-633.882	182.800	-.308	-3.468	.001	.228	4.388
	pbratio	-1099.778	523.860	-.134	-2.099	.041	.443	2.260
	dyratio	2107.263	1548.542	.114	1.361	.180	.256	3.908

a. Dependent Variable: growthrate

Collinearity Diagnostics[a]

Model	Dimension	Eigenvalue	Condition Index	Variance Proportions				
				(Constant)	nsereturns	peratio	pbratio	dyratio
1	1	4.740	1.000	.00	.00	.00	.00	.00
	2	.176	5.194	.00	.17	.00	.00	.04
	3	.075	7.975	.00	.15	.00	.15	.05
	4	.008	24.644	.02	.67	.46	.78	.05
	5	.002	47.114	.98	.01	.53	.07	.85

a. Dependent Variable: growthrate

Residuals Statistics[a]

	Minimum	Maximum	Mean	Std. Deviation	N
Predicted Value	2031.1672	26674.3555	14257.4241	6642.85874	51
Residual	-3383.20190	3995.67285	.00000	1993.21989	51
Std. Predicted Value	-1.841	1.869	.000	1.000	51
Std. Residual	-1.628	1.923	.000	.959	51

a. Dependent Variable: growthrate

Relationship Between Gold Price and Foreign Exchange Rates: After Demonetization

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Abstract

The Demonetisation implemented by the Indian government on 8 November 2016 bought a major change in the economic environment of India, when the currency with Demonetization of 500/- and 1000/- were devalued. As in general the foreign exchange market determines the related value of difference currencies and also affects the commodity market. The object of study is to find out the relationship between Forex and gold price in India after Demonetization. The study considers two variables of which Foreign exchange rate is Independent and Gold prices are dependent. As the analysis techniques used is regression analyses. Our study reveals that the negative relationship between the two variables taken into consideration.

Keywords*:* Forex, Gold Prices, Demonetization

Introduction

The Demonetization implemented by the Indian government on 8 November 2016 bought a major change in the economic environment of the country when the currency with Demonetization of 500/- and 1000/- were devalued, people were given the time for exchanging their own currency note 30 December 2016.

The argument presented by the supporter of the Demonetization are twofold: first link of all they gave the reason that, it has to control the counterfeit notes that could be contributing to terrorism and other national evils and in other ways to undermine or eliminate the black money existing in the economy of the country which is not in circulation and is stagnant in the lockerof the people in the country.

As taking in the contest of India, India is considered to be the largest customer of gold, it has regained its position by beating up China (Economic Times 27 October. 2015)

India's consider gold not as the community for trading but it is measured as a sign of luxury and wealth. It is also used on a longer extent as the ornamental means India consider gold very sacred and holds immense, religious values in Indian culture.

Foreign Exchange Market

The foreign exchange market is forms of exchange for the global decentralize trading of international currencies. It supports direct speculation in the value of currencies. In a tropical foreign exchange transaction, a party purchases a quantity one currency by paying the quantity of another currency. The Forex market is considered to be the largest financial marker in the world. The traders in foreign exchange market include large banks, central banks, institution investors, corporations, government, other financial institutions and retail investments.

Gold Prices

The prices at which gold is traded on the commodity market, it is commodity prices expressed in gold.

USD and Gold prices relationship

In the current market after India face Demonetization there has been seen a great fluctuation in price of gold and foreign exchange rates. So the impact of Demonetization over gold price in India and the foreign exchange is the burning topic and shows the reserved relationship. As dollar is internationally accepted mode of exchange in form of currencies as most of the international transaction take place in dollar equivalent. The reason why relationship between gold and foreign exchange rate is used as a hedge against the exchange value of dollar is that the dollar value increases it takes less dollars to buy gold and vice versa. Generally, when economy is in downturn and the stock market is going down Investors Park there fund in gold and wait for the market to show surprise and as the gold price rises Indian

Review Of Literature

Girish, Nidhi and Harsh (2015) found that the relationship between gold prices and value of US Dollar in India. Relationship between gold prices and USD exchange rate has been impacted by recession in India. There objective of study was to understand the long-term Association gold prices in Indian economy Pre global financial crisis and post global financial crisis. The study is able to prove long term relationship with the three faces that their study extended the scope to find the relationship between the variable under study.

Almalendu and Sanjib (2014) investigated the impact of gold price in and exchange rate on sensex. Their study point out that the Sensex is affected by some senior features such as Indian gold price and exchange rate of dollar and rupee in the country. There is study reflected that good prices and stock market moves in an opposite direction and has an inverse relationship in their research analyze three indicators in Indian gold prices and exchange rate and how they are related with the sensex in long Period. Research moreover shows the two directional causal connections present between gold prices and exchange rate in the study period.

By Fergal, LBMA and Dr. Brian (2012) investigate the negative relationship between gold and US dollar their paper also considered the fact that a weaker dollar makes gold cheaper, increase demand for gold which in turns drives up the prize giving gold and the dollar there negative relationship. They also investigated the negative correlation between the sterling value of gold and the trade weighted value of sterling and the same for the yen and they can concluded that the negative relationship between gold and the value of Dollar then seems to be another pointer towards gold's role as an internationally traded currency.

Dr. Sindhu (2013) investigated different factors that affect the gold price. The paper also investigate the impact of exchange rate of USD with INR on gold price the people also investigate the price of crude oil on the gold price and the impact of inflation of gold price. The concludes that the gold price and dollar value share and Inverse relationship that is an increase in gold price will result in decrease in dollar value the gold price and crude oil share a positive correlation which can be understand from analysis. It can be inferred that an increase in gold prices will increase the crude oil price. It also includes the inflation rates are also depend and positively co-related that is increase in inflation increase gold prices are also.

Drkavita, Dr. Sacchidanand, Dr. Sudhashu, Dr. Suranjali and Shrihari (2016) found that the change of economic environment of the country (India). By Demonetizing the high value currency notes of rupees 500 and of rupees 1000 Demonitisation they have studied the Pre Demonetization and Post Demonetization economic condition the paper studies the short term and medium impacts of Demonetization the paper also discuss many transitional issue like infrastructure issue consumer behavior issue and the multiple issue are banking sector the paper also investigates the various mode of payment used by the people of the country and there spending behavior. It also investigates the macro variable of the economy as well as effect on government finances. The conclusion given by them the Demonitisation undertaken by the government is a large stock to the economy. It has also been argued that the cash that would be extinguished by Demonetization is mostly the black money.

Objective Of Study

To find out the relationship between Gold Price and Foreign Exchange Rates after demonetization in India.

Research Methodology

The research is descriptive in nature and based on quantitative data. For the purpose of statistical analysis, the financial data of Forex and Gold Prices in India for the time period from November 2016 to March 2017, after the implementation of Demonetization in the country was taken into account. Data has been collected from different websites and journals. Regression analysis is use to find out the relation between the sample variables of which Forex is independent variable and Gold price is dependent variable.

Hypotheses

H_O1: There is no relationship between Forex and Gold prices in India after Demonetization

Result And Discussion

(1) Descriptive Statistics

	Mean	Std. Deviation	N
Gold.Prices	28479.08	812.503	114
Forex	67.6915	.60370	114

From the above mention table we identified that mean of gold prices was 28479.08 and Forex was 67.6915 whereas std. deviation was 812.503 and .60370 of god prices and Forex respectively .114 observations were taken.

(2) Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0 1	.434[a]	.188	.181	735.230

a. Predictors: (Constant), Forex

b. Dependent Variable: Gold. Prices

The model fit output consists of model summary. The correlation coefficient R is 0.434 indicates that independent variable i.e. Forex is 43.4% variance in gold price. It indicates that there is strong relationship between Forex and gold price during demonetization in India.

(3) ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.406E7	1	1.406E7	26.001	.000[a]
	Residual	6.054E7	112	540563.721		
	Total	7.460E7	113			

a. Predictors: (Constant), Forex

b. Dependent Variable: Gold. Prices

ANOVA table provides an F-test for the null hypothesis that there is no relationship between Forex and Gold prices in India. Here we can clearly reject this null hypothesis (F = 26.001, P <

0.005) and found that there is relationship between Forex and gold prices during demonetization India.

(4) Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	68024.283	7755.639		8.771	.000
Forex	-584.198	114.569	-.434	-5.099	.000

a. Dependent Variable: Gold.Prices

The beta value is negative in case of gold prices in India, it indicates that there is a negative relationship between Forex and gold prices in India during Demonetization in India. The B regression coefficient (β= -0.434) representing that there would be change of 43.4% if there is a change of one unit in corresponding variables.

Conclusion

In the period after implementation of Demonetization in India Foreign Exchange Rate plays an important role as a determinant of gold prices. In our study the major variables taken into consideration are Forex and Gold prices in the country and the period for which the study was conducted in the period immediately after the Indian government announced Demonetization in the country. We can conclude that there is a negative relationship between Forex and Gold prices in India during the period after the implementation of Demonetization.

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Webology

1. www.goldpiceindia.com/gold-price-2016.php
2. www.xe.com/currencychart/?from=USD&to=INR
3. www.mcx.com

The Effect of Trust on Customer's Adoption of Internet Banking

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Abstract

Banks spend an awesome measure of cash on giving the Internet keeping money administration to clients. Thus, the absence of selection of Internet saving money can bring negative circumstances for the banks. Therefore, banks consistently attempt to adjust their business methodologies to expand consumer loyalty. This paper gives a diagram of the surviving exploration into the connections amongst trust and Internet managing an account appropriation from the clients' viewpoint. In this paper two hypothesis were framed for measuring Gender difference and Impact. The findings suggests that there is significant impact of trust towards customers adoption of internet banking but we have not found any difference of customer's adoption of internet banking across gender.

Keywords: *Trust, Internet banking, Adoption, Gender*

Introduction

Many banks around the world have launched their e-banking to provide customers with more convenient ways to access banking information and services. Previous research has been carried out to evaluate the quality and quantity of the e-banking services provided, as well as the overall adoption of e-banking. The results and findings of this research differed, based on many factors such as the level of development of the particular country, its national culture, the customers' knowledge of e-banking and the infrastructure of information technology. In Vietnam, e-banking research focuses on the adoption model, the drivers of customer intention to use e-banking, and the use of e-payment. None of this research studied customer trust in e-banking, even though trust plays an important role in e-commerce adoption, especially e-banking transactions, and trust is one of the most significant factors in customer acceptance of e-banking (Suh and Han, 2002). Most of the existing literature about trust in e-banking assumes trust to be a factor affecting customer acceptance of e-banking (e.g. Suh and Han, 2002; Alsajjan and Dennis, 2006; Kassim and Abdulla, 2006; Benamati and Serva, 2007; Grabner-Kräuter and Faullant, 2008; Aldás-Manzano et al. 2009; AbdullahAl-Somali et al. 2009; Muñoz-Leiva et al. 2010; Dixit and Datta, 2010; Khalil Md Nor et al. 2010; and Anita Lifen Zhao et al. 2010). In addition, other studies investigated factors affecting the adoption and usage of e-banking in general and internet banking in particular (e.g. Sathye, 1999; Tan and Teo, 2000; Wan et al. 2005; Chiemeke et al. 2006; Ndubisi and Sinti, 2006; Wang and Pho, 2009; and Alain Yee-Loong Chong et al. 2010). These studies concluded that many factors affect the acceptance and usage of e-banking, including education, technology acceptance, security, risk, legal support, trust, demographic characteristics.

The main aim of this study is to identify the effect of trust on customer intention to use e-banking in Vietnam. The basic model for this study has been adopted from the Technology Acceptance Model (TAM) (Davis, 1989) to show the characteristic of e-banking. The TAM model is an integrated construct from disciplines such as psychology, sociology, and electronic commerce. Another belief, trust, is added to the TAM to increase the understanding of customer intention to use e-banking in Vietnam. A Structural Equation Modeling (SEM) approach is used to evaluate the research model. This study differs from the previous studies in that it conducts a comprehensive primary survey to collect data to be used in the model. The survey encompasses selected provinces in northern, central, and southern of Vietnam. This paper is organized as follows. Section 2 provides the research background and discusses the Technology Acceptance Model and trust in e-banking.Section 3 outlines the study's model and sets the hypotheses. The research methodology and data used in the study are discussed in Section 4. Section 5 presents empirical results and Section 6 gives the conclusions.

Literature Review

Popoola Naimat F. (2013) in his research "The Effect of Trust in Adoption of Internet Banking: A case study of Nigeria" finds that that bank customers who are non-users of internet banking lack trust in internet banking and the users of internet banking have partial trust in it. The reason for this lack of trust is because of lack of security, bad reputation of banks, poor technology and lack of assuring policy or guarantee. The finding indicates that customers both users and non-users of internet banking do not have trust in the security system.

Shidrokh Goudarzi, Mohammad Nazir Ahmad, Seyed Ahmad Soleymani, Nastaran Mohammad hosseini.(2013) in his research “The Effect of trust in adoption of internet banking” A case study of According to the literature, a set of factors can have an effect on trust. All of the important factors have an effect on decreasing or increasing the level of trust in Internet banking adoption. In this paper, the factors of trust were identified based on the previous works with a particular focus on trust and Internet banking adoption. The findings summarized in this paper will be useful not only for the people involved in the implementation, design and management of infrastructure for online services, to but also for practitioners and researchers engaged in the study of trust

George Anane Takyi, Julia Poku. (2015) in his research “ The Effect of trust in adoption of internet banking -A case study of zenith bank ghana ltd” The zenith bank of Ghana adopted internet banking because the management wanted customers to have easy access to banking services. This means that internet banking is very vital to enable customers to easily banking services. A Part from those other reasons includes, for profits and to make more effective and efficient in all their transactions. ¬ The main problem that customers encountered in relation to internet banking services is up to data information on their accounts as far as banking is concerned. Other problems include inadequate information from the banking institution and high bank charges on the services. ¬ The customers of zenith bank of Ghana really want ATM than the other forms of accessing banking services like internet banking. This is because most of the people who transact businesses with the bank are not connected to the internet, and that they have to pay for extra services should they want to access their accounts. As compared to ATM it is easy to use and operate by customer.

Objectives of the Study

1. To standardize measures to evaluate Trust and Customer’s adoption of internet banking.
2. To find the underlying factors of Trust and Customer’s adoption of internet banking.
3. To find the difference of Customer’s adoption of internet banking across male and female users.
4. To measure the impact of trust on customer’s adoption of internet banking.

Research Methodology

This study was causal in nature and survey method was used to conduct the study. The population included the users of internet banking in Gwalior region and it was completed taking the sample size of 100 respondents. Individual respondents were the sampling elements and Non- probability purposive sampling technique was used to select the sample.Standard questionnaire was used to collect the Reponses form the internet banking users. All the study constructs were measured using five-point Likert scale ranged from 1=strongly disagree to 5=strongly agree.

Tools for data analysis

- Cronbach's alpha method of reliability was applied to check the consistency of questionnaire.
- Exploratory factor analysis was applied to find out the underlying factors of Trust and Customer's adoption of internet banking.
- Independent sample T – test was applied to measure the difference of Customer's adoption of internet banking across gender.
- Regression test was applied to measure the effect of Trust on Customer's adoption of internet banking.

Hypothesis

1. There is no difference of Customer's adoption of internet banking across male and female users.
2. There is no significant impact of Trust towards Customer's adoption of internet banking.

Findings

Reliability Test

Reliability test were carried by using SPSS software. The results of test are given below:

Trust

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.841	.844	5

The value of Cronbach's alpha value is .841. Which was more than the standard value 0.7; hence the reliability of Trust was considered to be good for further study.

Adoption of Internet Banking

Reliability Statistics		
Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.844	.850	10

The value of Cronbach's alpha value is .844. Which was more than the standard value 0.7; hence the reliability of Adoption of internet banking was considered to be good for further study

Factor Analysis

KMO and Bartlett's Test

KMO test was applied to check the normal distribution and sample adequacy and Bartlett's Test has been applied to check the identity matrix and to find out whether data is suitable for factor analysis or not.

Table below shows that the value of KMO is greater than 0.5 so we can say that data is adequate as well as normally distributed. The results of Bartlett Test are also significant as the value is below 5% i.e. .000.

Table: KMO and Bartlett's Test for Trust and Customer adoption of Internet banking

Variable	KMO Value	Barlett's Test of Sphericity	
		Chi Square	Significance Value
Trust	0.824	194.849	.000
Customer adoption of Internet banking	0.833	322.752	.000

The Kaiser-Meyer-Olkin Measure of sampling adequacy value for Trust and Customer adoption of Internet bankingwas 0.824and 0.833 respectively indicating that the sample size was adequate to consider the data as normally distributed .The Bartlett's Test of Sphericity was tested through Chi-Square Value194.849 and 322.752 significant at 0% level indicating that the inter-item correlation matrix was not an identity matrix and therefore the data was suitable for factor analysis.

Exploratory factor analysis for Trust

Factor Name	Eigenvalue		Statement	Loadings Value
	Total	% of variance		
Trust	3.093	61.864	1. The internet banking site is trust worthy 2. I trust in the benefits of the decision of the internet banking site. 3. Internet banking site keeps its promises and commitment. 4. Internet banking site keeps customers best internet in mind. 5. I trust the internet banking site.	0.783 0.813 0.840 0.685 0.803

Description of factors :

(1).Trust - This factor emerged as the first important determinant of the research with a total variance of 3.093 and Percentage of variance explained was 61.864.

Exploratory factor analysis for Customer's Adoption of Internet banking

Factor Name	Eigenvalue		Statement	Loadings Value
	Total	% of variance		
Responsiveness	2.953	29.528	1. I feel using internet banking is a wise idea. 3. I like to use internet banking 4. Using internet banking site is a pleasant idea. 5. I would we able to operate internet banking. 7. Using the internet banking site improves my performance of banking activities. 10. Learning to use internet banking is easy for me	0.620 0.592 0.544 0.738 0.895 0.681
Ease of use	2.386	23.861	2. I feel using internet banking is a good idea. 8. Using the internet banking site makes it easier to do my banking activities. 9. My interaction with the internet banking is clear and understandable.	0.525 0.840 0.737

Description of factors :

(1).Responsiveness - This factor emerged as the first important determinant of the research with a total variance of 2.953 and Percentage of variance explained was 29.528.

(2).Ease of use - This factor emerged as the first important determinant of the research with a total variance of 2.386 and Percentage of variance explained was 23.861.

Independent Samples T- test

H02: There is no difference of Customer's adoption of internet banking across male and female users.

Independent Samples T - test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
Adoption of internet banking	Equal variances assumed	.258	.612	.951	98	.344	1.27051	1.33557	-1.37988	3.92090
	Equal variances not assumed			.952	97.972	.344	1.27051	1.33493	-1.37864	3.91965

The Sig. (2-Tailed) value in our Table is 0.344. This value is more than .05. Because of this, we can conclude that there is no statistically significant difference of Customer's Adoption of internet banking across male and female users. Hence our Hypothesis (H02) is not rejected which means that Customer adoption of internet banking does not differs between male and female users.

Regression Analysis

H03:There is no significant impact of Customer's trust towards their adoption of internet banking

Model Summary[b]										
Model		R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
						R Square Change	F Change	df1	df2	Sig. F Change
dimension0	1	.647[a]	.418	.412	2.66760	.418	70.456	1	98	.000
a. Predictors: (Constant), Internet banking										
b. Independent Variable: Trust										

The value is adjusted R square is 0.412 that indicated independent variable Trust is explaining 41.8% variance towards dependent variable Adoption of internet banking.

ANOVA[b]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	501.372	1	501.372	70.456	.000[a]
	Residual	697.378	98	7.116		
	Total	1198.750	99			
a. Predictors: (Constant), Internet banking						
b. independent Variable: Trust						

The model used for regression has good fit as indicate by F – Value 70.456 which is significant as .000% level of significance, indicating high predictability of model.

Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	6.551	1.560		4.200	.000
	VAR00017	.337	.040	.647	8.394	.000

Regression equation for showing the relationship between trust and internet banking.

Y= a + bX + Error

Y= 6.551 + 0.337X + Error

Where,

X = Trust (independent Variable)

Y= Internet Banking (Dependent Variable)

Coefficient table indicated that Trust was found to have a significant effect on Adoption of internet banking having β value of 0.647 tested through t test value Internet Banking 4.200 and Trust- 8.394 significant at 0.000 level of significance. Hence our null hypothesis (H03) is rejected.

Conclusion

Internet banking offers many benefits to customers in performing their financial transaction, still many customers are unwilling to accept the serves due to many trust related issues. The findings from this study revealed that bank customers who are non users of internet banking lack trust in internet banking and the users of internet banking have partial trust in it. The reason for this lack of trust is because of lack of security, bad reputation of banks, poor technology and lack of assuring policy or guarantee. The finding indicates that customers both users and non users of internet banking do not have trust in the security system of the bank. Further, due to bad reputation of the bank, all the non users do not trust internet banking, however the users have partial trust in the service. Hence, good reputation plays a great role in developing trust in internet banking. The findings further reveal that both users and non users of internet banking do not trust the information technology of Nigerian banks. The technology that support internet banking system is very crucial for the bank to achieve standard security. The findings show that institution-based trust is significant in trust development. The result informed that customers do not believe in the integrity of banks and they are afraid to lose their savings because the banks do not have any legal policy to protect customers in case of hacking. From the findings, the customers stressed that they will adopt internet banking if there is money back guarantee because they do not want to lose their funds to hackers. Olasanmi (2010) for instance emphasize that trust and fear have an effect on internet banking consumers who are victims of internet fraudulent activities.

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Consumer Perception towards the Usages of Debit Card: A Study of Gwalior Region

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Abstract:

Due to the change in technology in financial sector, the number of innovative products for making payment has been developed after the privatization and globalization. Customers have showed their preference over the usage of the Debit card generally over a period of time. The study was conducted in Gwalior region on a sample of 150 respondents. Reliability test and factor analysis has been used for this study. The Reliability of the study was quite high as it was 0.819. After applying the factor analysis four factors has been emerged i.e. Accessibility, Preference, Usages, Time period. This paper attempts to study about the consumer perception towards the usages of debit card and satisfaction of debit card holders.

Keywords- *Debit Card, Consumer Perception, Plastic Money.*

1.1 Introduction

A debit card (also known as a bank card or check card) is a plastic payment card that can be used instead of cash when making purchases. It is similar to a credit card, but unlike a credit card, the money comes directly from the user's bank account when performing a transaction.

The Debit card is one of the best online e-payment tool through which the amount of purchase is immediately deducted from customer account and credited to merchant's account provided if that much amount is available in the customer's account. It has overcome the delayed payment process of cheques, due to which sometimes merchants have to suffer.

In India, four types of Debit Cards are issued by banks – most of the banks, VISA, VISA Electron, SBI and city bank issue Master Card and Maestro. The debit card was mostly used for ATM transactions. RBI has announced such fee is not justified so the transaction has no processing fee. The debit card transactions are routed through visa or master card networks in India and overseas rather than directly via the issuing bank.

Some cards may bear a stored value with which a payment is made, while most relay a message to the cardholder's bank to withdraw funds from a payer's designated bank account. In some cases, the primary account number is assigned exclusively for use on the Internet and there is no physical card.

In many countries, the use of debit cards has become so widespread that their volume has overtaken or entirely replaced cheques and, in some instances, cash transactions. The development of debit cards, unlike credit cards and charge cards, has generally been country specific resulting in a number of different systems around the world, which were often incompatible. Since the mid-2000s, a number of initiatives have allowed debit cards issued in one country to be used in other countries and allowed their use for internet and phone purchases.

Unlike credit and charge cards, payments using a debit card are immediately transferred from the cardholder's designated bank account, instead of them paying the money back at a later date.

Debit cards usually also allow for instant withdrawal of cash, acting as the ATM card for withdrawing cash. Merchants may also offer cashback facilities to customers, where a customer can withdraw cash along with their purchase.

1.2 Basic Concepts

1.2.1 Customer's Perception

Customer perception refers to the process by which a customer selects, organizes, and interprets information/stimuli inputs to create a meaningful picture of the brand or the product. It is a three stage process that translates raw stimuli into meaningful information. A marketing concept that encompasses a customer's impression, awareness and consciousness about a company or its offerings. Customer perception is typically affected by advertising, reviews, public relations, social media, personal experiences and other channels.

1.2.2 Plastic Money

Plastic money is referring to the Debit card; Money is always regarded as an important medium of exchange and payment tool. Plastic money is a term that is used predominantly in reference to the hard plastic cards we use daily in place of actual bank notes. They can come in many different forms such as cash cards, credit cards, debit cards, pre-paid cash cards and store cards.

1.2.3 Electronic Banking

A method of banking in which the customer conducts transactions electronically via the Internet. It's hard to beat e-banking for the 24-hour convenience it offers Internet-literate customers. Off-shore banking becomes much easier by e-Banking.

1.2.4 ATM Card

HSBC-the Hong Kong and shanghai banking corporation were the first bank to introduce the ATM concept in India in 1987.An ATM can be used for both ATM and debit card transactions, online and offline. An ATM card is any payment card issued by a financial institution that enables a customer to access an automated teller machine (ATM) in order to perform transactions such as deposits, cash withdrawals, obtaining account information, etc.

1.2.5 Debit Card

Debit card is a card allowing the holder to transfer money electronically from their bank account when making a purchase. A debit card is also called as 'plastic money'.

1.2.6 Credit Card

A credit card is a payment card issued to users (cardholders) to enable the cardholder to pay a merchant for goods and services, based on the cardholder's promise to the card issuer to pay them for the amounts so paid plus other agreed charges. The Credit card is a plastic-card issued by a bank or non-banking financial company (NBFC) ready to lend money (give credit) to its customer. The Credit card is a suitable alternative for cash payment or credit payment or deferred (installment) payment.

1.3 Advantages of Using Debit Card

For beginners, debit cards are safe as no one can access your account without your PIN plus they allow you to conduct your banking online and they give you 24 hour access to your money. You don’t need to find a bank to withdraw funds, You can use your debit card almost anywhere, No monthly interest charges on your spending, They allow you to have ATM access.

Easy to obtain: Once you open an account most institutions will issue you a debit card upon request.

Convenience: Purchases can be made using a chip-enabled terminal or by swiping the card rather than filling out a paper check.

Safety: You don't have to carry cash or a checkbook.

Readily accepted: When out of town (or out of the country), debit cards are usually widely accepted (make sure to tell your financial institution you’re leaving your city; to not have an interruption in service).

1.4 Disadvantages of Using Debit Card

No grace period: Unlike a credit card, a debit card uses funds directly from your checking account. A credit card allows you to borrow funds on credit, leaving disposable cash in your account.

Check book balancing: Balancing your account may be difficult unless you record every debit card transaction.

Less protection: Most financial institutions will try and protect their customer from debit card fraud. However, a customer could potentially be liable for up to $500 on fraudulent debit card transactions compared with only $0 on credit cards. Be sure to check with your financial institution to learn the details.

Fees: Using your debit card for ATM transactions may be costly if the ATM is not affiliated with your institution.

2. Literature Review

The literature relating to the topic as under:

Prasad.S (2016), revealed the usage of debit card and the first choice of consumers towards various types of debit cards of different banks. Also the study gives clue about the factors that creates unfairness to choose the debit cards of any banks and the consumers perception about the various brands of debit cards. This paper has been used primary data which includes sampling method for research, Questionnaire method to collect the data, pilot survey method is also used. Statistical tools like factor analysis and multi-dimensional scaling techniques used through the SPSS software. This paper conclude that customer follow the favorability in terms of advantages and situation in terms of convenient factor while selecting any specific brand of debit card.

Sultana.N (2016), determined that to understand the influencing factors behind the use of plastic money. This paper has been used inferential technique, confirmatory Factor Analysis (CFA) for this study. Primary data has been used by using semi-structured questionnaire. Reliability of data is tested through Chronback's Alpha. Exploratory Factor Analysis also been used for this study. This paper conclude that most of the respondents use their plastic money mostly for shopping and foreign purchases, and for purchasing costly products.

Sharma.A et al. (2015), determined that to understand the consumer preference and attitude towards the use of plastic money in India. This paper has been used Survey method for this study. This paper concludes that most of the respondents accept the cards among the Indian consumers.

Runnemark.E et al. (2014), conducted to check if the willingness to pay is greater for debit cards in comparison to cash for three consumer products. This paper has been used univariate statistical test and regression for this study. Becker-De Groot-Marschak mechanism is used to ensure that participants reveal their reservation prices. This paper concludes that cash availability, the spending type, price familiarity and consumer habit of the product.

Premlatha.J et al. (2012), determined the study of the factors affecting customer satisfaction for ATM services in VELLORE DISTRICT. This study involved the collection of both primary and secondary data. Percentage analysis and Chi-square test is used for this study. This paper conclude that that almost all the customers are accepting the ATM, as a useful and modern tool for customers are dispensing cash due to advancement in technology.

Simiyu.J et al. (2012), conducted to understand the extent of usage of debit and credit card in cash deposits, withdrawls as well as purchase transactions at retail market. This paper has been used structured questionnaire method to collect the data. This paper conclude that both debit and credit cards usage rises cash outflow as compare to cash inflows and the usage of these cards has rises consumption levels as against to savings.

Simon.L (2012), determined the customer satisfaction towards debit card services given by private sector bank. This paper has been used sampling method. Primary and Secondary data are used to collect the data. Percentage analysis and Chi-square analysis is also used for this study. This paper conclude that debit card help to avoid more fraudulent activities and help the consumer in carry cash, purchase goods, pay bill, recharge, etc. The study also revealed that mostly card holders belong to the gender of male.

Kosse.A (2010), determined that to understand the safety perception and the impact of perceived safety on cash and debit card usage. Questionnaire was distributed and consumer survey method has been used for this study. This paper conclude that consumers safety perception strongly affected by how consumer assess the likelihood and consequences of payment incidents, the higher the perceived impact and chances, the less safe they feel.

Swaminathan.J et al. (2010), determined to measure the customer satisfaction in e-banking services, to evaluate the awareness of e-banking as well as to study the facilities of it offered by the banks to its customers and to state the present situation of the e-banking. Primary data has been collected, Random sampling was also used. The statistical tools such as, Chi-square, Correlation and ANOVA has been used for data analysis. This paper concluded that the satisfaction of the customer majorly influenced the convenience, awareness, and responsiveness. In the present advanced technology society, banking customer mostly prefers and switch to e-banking facilities. So the banker may improve their services, trust to customers and their retention by increasing awareness of other age groups and focusing on the factors contributing customer satisfaction.

Foscht.T et al. (2009), examined the Austrian market as concern to its choice and usage of debit cards vs credit cards and its effect on customer satisfaction and trust. This paper has been used structured questionnaire to collect the data. Quota and Systematic sampling is also used for this study. This paper concludes that positive expectation, performance and desires give rise to customer satisfaction. Customer satisfaction in turn, gives rise to a greater degree of intent to use the payment method and greater degree of intent to advise the payment method.

Worthington.S (2009), determined the prohibition of satisfaction regarding payment card fraud, mainly the debit card. Based on the research the paper extends the analysis of fraud to the payment with respect to cards in use in Australia. This paper conclude that payment card fraud, mainly on Master Card and Visa branded debit cards, is mostly hidden amongst the statistics for full payment card fraud and yet, with the improved functionality of such cards, re online and foreign transactions, added to raising sophistication of the card fraudsters, there is a current and ever rising risk of debit card fraud.

Singh.S et al. (2009), examined the impact of ATM on customer satisfaction. It is a comparative study of mainly three banks i.e. State Bank of India, ICICI bank and HDFC bank. Primary data has been collected through questionnaire. F-Test has also been applied for this study. It is concluded that material satisfaction level is highest in SBI, then second is ICICI Bank and third is HDFC Bank.

Lee.J et al. (2007), revealed the usage of debit card and its effect on household debts, using the 2004 survey of consumer finances. This paper has been used simultaneous equation model. SCF has been used to collect the data. This paper concludes that debit card usage prevent the increase of household debt rather than that debit card users look to be financially conscientious.

Amromin.G et al. (2007), determined the change in transferable demand for cash occurring from greater use of debit cards as well as to study the growth of debit card usage. This paper has been used econometric model with clustered standard errors for this study. This paper concludes that the demand for little denomination notes and coins become less as debit card utilization increases. Both customers and seller mostly prefer debit cards to other cash alternatives for various type of business.

Borzekowski.R et al. (2006), conducted study on current usage of debit card with the help of U.S consumers including how demographics affect use. This paper has been used survey method for data collection and applied multivariate test for this study. This paper concludes that debit cards serve as an alternative mainly for cash and cheques. The likelihood of using debit card is decreasing with age and increasing with education. It is also found that women use debit cards at an increasing rate than men.

Jin.R et al. (2005), determined that to understand the debit card usages from the customer perspective. This paper has been used SCF(survey of consumer finances) for data collection and applied chi-square test and logistic regression for this study. This paper concludes that age was negatively related to the usage of debit cards as well as education and income are positively related to the debit card usage.

Stix.H (2004) , examine the effectiveness of EFT-POS payments and ATM withdrawals on purse cash demand. This paper has been used estimation method and survey data for this study. This paper concludes that both debit card payments and ATM withdrawals affect cash demand at an individual level. Because of small share of frequent users, aggregate purse cash demand is not largely affected by EFT-POS payments.

Zinman.J (2004), determined the usage of debit cards instead of credit cards. Various facts suggest that debit card usage is directed by behavioral factors. This paper has been used SCF(Survey of Consumer Finances) for data collection. This paper concluded that it is difficult to distinguish sharply between canonical and behavioral motives for debit-card use in publicly available data.

3. Objectives Of The Study

1. To evaluate the underline factors towards debit card.
2. To examine the usage of debit card by customers.
3. To evaluate the level of satisfaction of customers towards services of debit cards.
4. To open new vistas for further research.

4. Scope of the Study

Debit card is a small plastic payment card that provides the cardholder online access to their bank account at a financial institution unlike credit and charge cards, payments using a debit card are fast transferred from the cardholder`s designated bank account, instead of them paying the money back at a later date. Debit cards usually also allow for fast withdrawal of cash, acting as the ATM card for withdrawing cash. Merchants may also offer cash back facilities to customers, where a customer can withdraw cash along with their purchase. This study plans to take into account the insights of card user`s attitude which prompts him to usage of debit cards for his benefit.

5. Research Methodology

5.1 The Study: The study was descriptive and empirical in nature. The Primary data have been collected through Self-designed questionnaire distributed in the Gwalior region only.

5.2 Sampling Design

5.2.1 Population: The population includes all respondents of Gwalior region.

5.2.2 Sample Size: 150 respondents was the sample size.

5.2.3 Sample Element: An individual respondent was the sample element.

5.2.4 Sampling Technique: non-Probability sampling technique was used to select the sample.

5.3 Tools for Data Collection

Self-Designed questionnaire on the basis of Likert Scale where 1 indicate strongly disagree and 5 indicate strongly agree.

5.4 Tools used for Data Analysis

- Reliability Test
- Factor Analysis
- Pie Chart

5.5 Reliability Measure

The reliability of Debit Card's questionnaire was computed by using SPSS software. Cronbach alpha coefficient was computed to calculate reliability of all items in the questionnaire.

Reliability Statistics

Cronbach's Alpha	N of Items
.819	20

Our reliability value is 0.819, so it was considered that the reliability value 0.7 is a standard value and it can be seen that in the reliability method that applied here, reliability value is approximate to the standard value, so all the item in the questionnaire were reliable. So the statements in the questionnaire were treated as reliable statements. **Validity:** The face validity was checked and found to be high.

Sr.no.	Factor name	Eigen value	Percentage of variance	Statement no.	Statement	Loading value
1.	Accessibility	6.865	34.324	7	I can easily keep my Debit Card	0.824
				6	I am satisfied with the services of my Debit Card	0.823
				19	I like the services of my Debit Card	0.817
				17	I feel comfortable in using Debit Card	0.777
				3	I know all the method to use my Debit Card	0.762
				8	I feel convenient to use my Debit Card	0.740
				9	Debit Card is very helpful for my online shopping	0.739
				5	I can withdraw cash easily by Debit Card	0.673
				12	I feel necessary to have Debit Card	0.642
				14	I am aware about the Terms and Conditions of Debit Card	0.615
				16	I feel Debit Card as a best option to transact in all plastic money	0.615
				1	I feel prestigious when I have Debit Card	0.548
				13	I frequently use Debit Card	0.547
2.	Preference	2.083	10.415	18	I feel uncomfortable to put my Debit Card daily	0.740
				20	I prefer the Debit Card of public bank only	0.604

				15 10	Most of the time I forget password of my Debit Card The design of my Debit Card attract me very much	0.978 0.559
3.	Usage	1.307	6.536	4 2	I use my Debit Card daily I prefer the Debit Card of private bank only	0.788 0.749
4.	Time Period	1.106	5.53	11	I use Debit Card on monthly basis	0.796

5.6 Description of Factors

ACCESSIBILITY: Accessibility in Debit Cards means the quality of being easy to obtain or use or the quality of being easily understood or appreciated and having Eigen value 6.865, this factor has emerged as a major factor.

PREFERENCE: Preference in terms of Debit Card is the fact that you like something or someone more than another thing and having Eigen value 2.083, this factor has emerged as a second major factor.

USAGES: The act, manner, or amount of using Debit Card and having Eigen value 1.307, this factor has emerged as third major factor.

TIME PERIOD: Time Period in Debit Cards is the time needed to use the Debit Card and having eigen value 1.106, this factor has emerged as fourth major factor.

Analysis Of Usages Of Debit Card By Customers

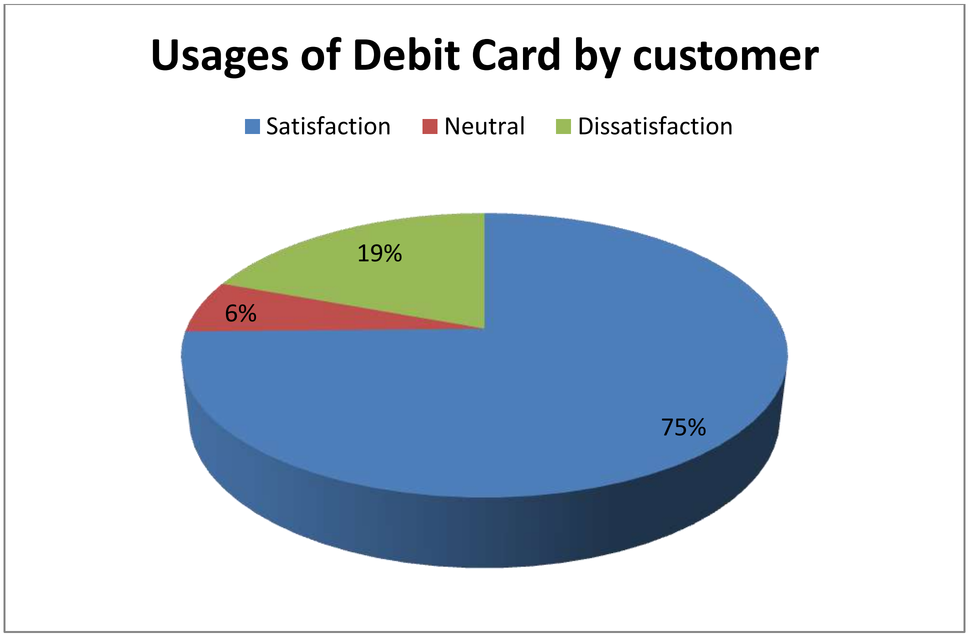


Fig. 1

5.7 Interpretation of Fig. 1

1. This is intended to be useful to understand the usages of Debit Card on customer perception. In the above pie chart, it can be seen that 75% of the respondent are satisfied, 19% respondents are dissatisfied and 6% respondents are neither satisfied nor dissatisfied by the usages of Debit Card.

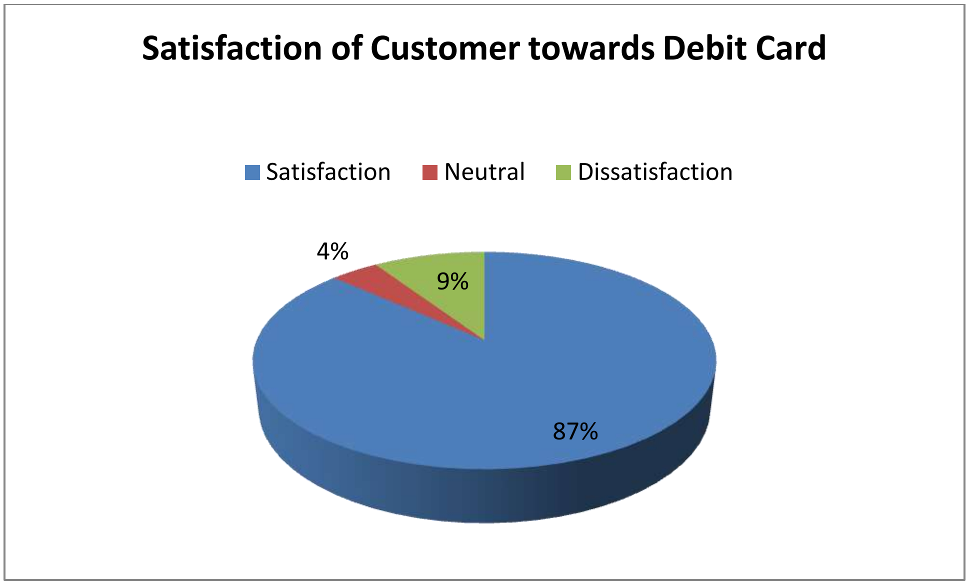
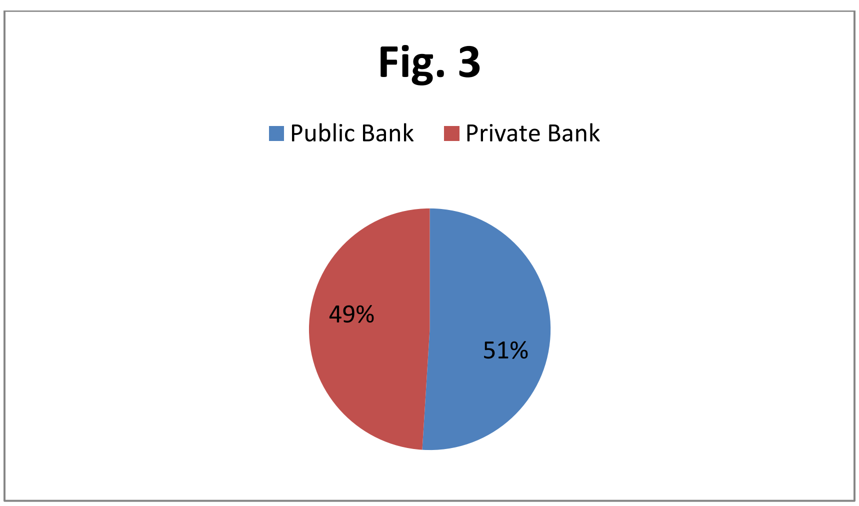


Fig. 2

Interpretation of Fig. 2

2. Acc. to Fig.2, satisfaction is shown in which 87% of the respondent are satisfied with the services of Debit card, 9% respondents are dissatisfied and 4% respondents are neither satisfied nor dissatisfied by the Debit Card.



Interpretation of Fig. 3

Acc. to Fig.3, 51% respondents are using Debit card of Public bank and 49% respondents are using Debit card of Private bank.

5.8 Suggestion

1. In the study, Gwalior region was taken as population but population can be increased.

2.The study is based on only 150 respondents, as soon as we increase the respondents, result may change.

3. In the study only Debit Card has been used, other Plastic money can also be taken for further study.

5.9 Conclusion

To conclude, that 51% respondents are using debit card of public bank and 49% respondents are using debit card of private bank. The study examined the consumer perception towards usages of Debit Card in the Gwalior region. The questionnaires were filled by Debit Card users in the Gwalior region and by applying test like factor analysis, reliability test. It has been concluded that most of the consumer are satisfied by the Debit Card. 75% of the respondent are using debit card, 25% respondents are not using the Debit Card. In satisfaction, 87% of the respondent are satisfied with the services of Debit card, 9% respondents are dissatisfied by the services of Debit Card.

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Impact of Working Capital Management on Profitability:- A Study ofHotel Industry in India

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Abstract

The study examines the relationship between Working Capital Management and financial performance. The study involved twenty one selected hotel companies in India. Data were obtained from the annual reports of selected hotel companies in India. The data were subjected to statistical analysis. The cause and effect relationship was checked by regression model using E-Views 9. Since, the time series data was employed, stationary of the data was checked in order to avoid spurious regression. The Augmented Dickey – Fuller test was used for unit root testing to check the stationraity. The result of the study revealed that Working Capital Management has a significant effect on financial performance; EPS &Profitability.

Introduction

Working capital

Working capital is an inevitable in business as blood is in human body. The need for maintaining adequate working capital is imperative just as circulation of blood is very necessary in human body to maintain life. Working capital is a Centre of existence of any business the management of working capital is one of the most important financial decisions of a firm. The impact of working capital management profitability of manufacturing companies the importance of working capital the management is a business enterprise cannot be underplayed. In the most common sense working capital can be express as current assets and Current liabilities. Every business requires working capital for its survival. Working capital is an important part of business which is essential for continue business operation. Working capital is one of the financial matric that represent the liquidity position of the company at the given time .working capital management is a very important component of the corporate finance because it has a direct effect on the profitability and liquidity of the organisation.

Profit before tax

Profit ratio is a reliable indicator to the adequacy of selling price and efficiency of trading activities. Through there is no level of this ratio and it differs from industry to industry however , it should be adequate to cover the administrative and selling expense and to provide fixed Charges , dividends and transfer to reserves. The profit ratio may be interpreted by comparing the ratio of the same firm over a period of time or comparing the Ratio of two similar firm over a period of time or comparing the ratio of two similar firms or by comparing the ratio of year with some standard fixed by the management normally, a higher ratio is considered and serves as an indicator of higher profitability. The main objectives of profit are:

i. To determine the selling price in such a way that there is adequate gross profit to cover the operating expenses and fixed charges and to leave proper balance for distribution of dividend and building up reserves.
ii. To determine the limit to which the selling price per unit may be reduced without resulting in losses in operations of the firm; and to analyses the reasons of significant variations in gross profit ratio in various years.

Earnings per share (E.P.S) This helps in determining the market price of equity shares of the company and in estimating the company's capacity to

Pay dividend to its equity shareholder. It is calculated as follows.

$$\frac{\text{Net Profit after tax-Preference Dividend}}{\text{No. of Equity Shares}}$$

It is clear in the above formula that if there are both preference and equity share capitals, then preference share dividend deducted from the net profit to arrive at the income available for equity shares.

Review of Literature:

Agha(2014) has studied the impact of working capital management on profitability. The main purpose of his study was to increase the company profitability. In this study various variables have been used receivable turnover, credit turnover and inventory turnover. After applying various test came to the conclusion that there is a significant impact of the working capital management on profitability of company. This research shows that how company manages there working capital on effective and efficient manner.

Bellouma (2017) This paper main aim to provide empirical evidence about the effect of working capital management on profitability. This research has been examined using panel data regression model. As a result show there is negative cash conversation cycle and it will hurt the profitability. Therefore, more profit can be create by the managers by using variables like account receivable, accounts payable and inventories. At last came to the conclusion the social interaction between buyer and supplier captured by more detail variables. So that different culture may introduced to enhance export transaction and working capital management.

Ahmadabadi, Mehrabi and Yazdi (2013)has studied that current assets and current liabilities are dealing with working capital in such challenging environment. To examine the effect of working capital on firm performance is placed at the centre of objectivity. The dependent and independent variables have been used in this paper. After applying various test the result show negative relationship between REVA and Average payment period. At last coming to the conclusion the international organisation looking for new ideas to enhance the growth and performance in such a challenging environment.

Konak and Guner(2016) this paper main aim to investigate the relationship between working capital management and firm performance. The decrease in short term turnover can effectively affect the firm performance. The negative relationship between net margin and short term turnover. The receivable turnover ratio is selected variable used in this paper. The reliability of outcomes observed from analyses.

Baveld(2012)This paper main aim to investigate the companies changes their non crisis working capital policies. The main object of this paper how companies manage working capital in beneficial way. Thus the result of this study is negative. Small sample size is the limitation of this study.

Shahzad, Farud and Zulfiqar(2015) has studied to test the effect of working capital management on profitability. CR, OR, NCA AND WCT are various variables used in this study. Profitability can be better if organisation minimize the inventory turnover ratios. This study shows a positive result, if we manage the working capital correctly it will help in productivity.

Ali and Ali (2014) This Paper main aim to increase knowledge about working capital management. The limitation of this study is different nature of financial industry in term assets and equity. Importance of working capital cannot be ignored completely.

Mifter (2016) this paper studied to examine the working capital management impact of profitability. Return of assets is used as variables in this study. Increase of profitability can be done by reducing inventory period in firm. The financial decision is the most important part of working capital and it should be maintained properly.

Raheman and Nasr(2007)This paper has studied the effect of different variables on working capital management on profitability. Various variables have been used in this study such as current ration, inventory turnover ratios. This research show negative relationship between working capital and variables, liquidity and profitability. The management of current assets and liability managed properly so these companies can increase their profitability.

Ademola(2014) has studied how global economic meltdown effect the profitability. The relationship between the working capital management and profitability on food and brewage and it is the centre of object. This study shows a positive result. In business the Importance of working capital played a major role.

Objectives of the Study

- To check the impact of working capital on EPS.
- To check the impact of working capital on PBT.

Research Methodology

The study is causal in nature. It is aimed to find out the impact of Working capital on EPS and PBT. The study is done to analysis the relationship in Indian context. Data of working capital were taken to define the EPS and PBT of selected hotel companies in India. The data have taken for the previous 21 years (2004-05 to 2015-16). All the hotel companies and sampling frame was top 21 hotel companies in India. Sample element was taken working capital, EPS and PBT.

Result & Discussion:

UNIT ROOT TEST

Since time series data was employed, it is important to test for the stationary of the variables in order to avoid spurious regression. The Augmented Dickey – Fuller test was used for unit root testing. The results of the unit root test for the variables are presented below:

Table 1: Unit Root Test results

Variable	ADF-statistic	Critical value	Probability value	Level of significance	Order of integration
PBT	-11.86273	-3.447125 -2.868829 -2.570719	0.0000	1% 5% 10%	Level
Working capital	-5.702835	-3.447125 -2.868829 -2.570719	0.0000	1% 5% 10%	Level
EPS	-12.30155	-3.447036 -2.868790 -2.570698	0.0000	1% 5% 10%	Level

The Unit Root tests showed that all variables stationary at level Order of integration. Augmented Dickey- Fuller unit root test statistics are greater than their critical values considered at 1% level of significance.

Regression Analysis:

H_0 - There is no significant effect of working capital on PBT.

Table 2

REGRESSION ANALYSIS

VARIABLE	COEFFICIENT	STD.ERROR	T STATISTIC	PROB.
C	-7.640093	12.54965	-0.608789	0.5430
WC	0.093438	0.047915	1.950069	0.049

Dependent variable: PBT

The outcome of regression model has shown that the Prob. value of t-statistic of independent variables; working capital (0.049) is less than 0.05 so, there is a significant effect of working capital on PBT.

Table 3

MODEL SUMMARY

R-squared	Adjusted R-squared	Durbin-Watson statistic	F-statistic	Prob.(F-statistic)
0.09731	0.07172	1.137653	3.802771	0.049

Dependent variable: PBT

The above table (Table-3) defines the results of regression analysis. The coefficient of determination 0.09731 means that 9.73% of the variation in PBT is being explained by the independent variable working capital. Value of F-statistic 3.802771 is significant at 0.049 which is less than .05 reveals, model is good fit.

Table 4

ARCH LM Test

F-statistic	1.432729	Probability	0.0988
Obs*R-squared	44.38539	Probability	0.1329

From the above table it is resulted that P-value (0.1329) of Observed R-square is more than standard value (0.05) so, null hypotheses is not rejected. It means the residuals are not serially correlated.

Table 5

REGRESSION ANALYSIS

VARIABLE	COEFFICIENT	STD.ERROR	T STATISTIC	PROB.
C	5.373561	0.606455	8.860616	0.0000
WC	0.004906	0.004906	2.118945	0.0347

Dependent variable: EPS

The outcome of regression model has shown that the Prob. value of t-statistic of independent variables; working capital(0.0347)is less than 0.05 so, there is a significant effect of working capital on EPS.

Table 6

MODEL SUMMARY

R-squared	Adjusted R-squared	Durbin-Watson statistic	F-statistic	Prob.(F-statistic)
0.011469	.0008914	1.146961	4.489927	0.034

Dependent variable: EPS

The above table (Table-3) defines the results of regression analysis. The coefficient of determination 0.011469means that 1.14% of the variation in eps is being explained by the independent variable working capital. Value of F-statistic 4.489927 is significant at 0.034 which is less than .05 reveals, model is good fit.

Table 7

ARCH LM Test

F-statistic	0.770502	Probability	0.6810
Obs*R-squared	9.342105	Probability	0.6735

From the above table it is resulted that P-value (0.6735) of Observed R-square is more than standard value (0.05) so, null hypotheses is not rejected. It means the residuals are not serially correlated.

$$y = a + b_1x_1 + e$$

EPS = 5.373561 + 0.004906 (WC) + e

PBT = -7.640093 + 0.093438 (WC) + e

REGRESSION’S ASSUMPTION TESTS:

ARCH LM Test

H_0 - residuals are not serially correlated.

Limitations And Suggestions

- The purposed research is focused on cause and effect relationship between working capital and finical performance indicators; earning per share and profit before tax .it is suggested that the relationship can be tested by taking some other financial performance indicators like ROE, ROA, Capital Employed Ratio etc.
- Working capital is considered on net basis as independent variable to check the impact on dependent variables; earning per share and profit before tax it is suggested that same study can be carried by taking working capital on gross basis.

Conclusion

The proposed study was aimed to check the impact of working capital on earring per share (EPS) and profitability (PBT). The result reviled that there is significant effect of working capital on EPS and PBT.

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A Study on Correlation Between Factors of Website Attributes

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Abstract

Website attributes refers to the features or aspects of a website and has a significant influence on customer attitudes and perceptions of the trustworthiness of a retailer. The current study focuses on the correlation between the factors of website attribute. The study was conducted in Gwalior region on a sample of 150 respondents. Customers are always tends to be interested in purchasing the product online if they found the website attractive and some valuable offering. Reliability was tested and its outcome was .815 which is highly reliable to conduct the further study .We have also applied factor analysis test and correlation test to analyze the underlined factors and to identify the relationship between the factors.

Keywords- *Website Attribute, E-Retailing*

Introduction

As per Leonardo Da Vinci he proposed a theory that the 21st century is going to be the highly advanced technical world i.e., a society which would be dependent for over 90 percent of its need on technology.

As per his prediction we are about 90-92 percent dependent over technology for our day to day works including our homes, offices, schools, colleges etc. but for us this was not like one of 7 wonders till e-retailing striked up into the world in about 1980 but 7 out of 8 companies failed or fell bankrupt because at that time we the world was not ready for it but as the civilization spreaded over and we became more educated about the technical world and the Amazon era arrived at about 1990s we adapted it and as per latest reports the world market revenue of e-retailing in 2015-16 was about 70 billion dollars.

E-retailing refers to about selling or purchasing of products or other needful assets either online and technology utilised.

As per human behavior things shown off gets better business response (Jo dikhta hai wohi bikta hai) now enters the beautification and competition views of e-retailing and their affects on our lives.

Electronic retailing is the sale of goods and services through the internet. Electronic retailing, or e-tailing, can include business-to-business (B2B) and business-to-consumer (B2C) sales of products and services, through subscriptions to website content, or through advertising. E-tailing requires businesses to tailor traditional business models to the rapidly changing face of the internet and its users. Successful e-tailing requires strong branding. Websites must be engaging, easily maneuverable and regularly updated to meet consumers' changing demands. Products and services need to stand out from competitors' offerings and add value to consumers' lives. In addition, a company's offerings must be competitively priced so consumers do not favor one business over another based on cost alone.

E-retailers need strong distribution efficiency so consumers are not waiting long periods of time for the products or services they purchase. Transparency in business practices is also important so consumers trust and stay loyal to a company. As consumers continue buying from the business, revenue increases.

E-retailing’s base resides over:-

1. **Websites -** Group of interconnected interfaces used by us to satisfy our basic needs either online or offline purchase instead of making or fighting for a bargain on our colony’s shop or any mega market. A website is a collection of related web pages, including multimedia content, typically identified with a common domain name, and published on at least one web server. A website may be accessible via a public Internet Protocol (IP)

network, such as the Internet, or a private local area network (LAN), by referencing a uniform resource locator (URL) that identifies the site.

Websites have many functions and can be used in various fashions; a website can be a personal website, a commercial website for a company, a government website or a non-profit organization website. Websites can be the work of an individual, a business or other organization, and are typically dedicated to a particular topic or purpose, ranging from entertainment and social networking to providing news and education. All publicly accessible websites collectively constitute the World Wide Web, while private websites, such as a company's website for its employees, and are typically a part of an intranet.

2. **Website Design -** Known as master key for E-commerce since what sees pretty is admired and attracts so the design of the website if made attractive increases the chances of further purchases by same customer and also including the other side of market which refers to the quantity, quality and variety of products available on it. The term web design is normally used to describe the design process relating to the front-end (client side) design of a website including writing mark up. Web design partially overlaps web engineering in the broader scope of web development. Web designers are expected to have an awareness of usability and if their role involves creating mark up then they are also expected to be up to date with web accessibility guidelines.

3. **Attributes -** reciprocates as the features or aspects of a website and the services of the company (Cash on delivery, cash back, redeem points, gift cards return options etc.

4. **User's View -** a user sees a website as varying need's completion place which can satisfy their needs.

Since common elements or the basic one's already defined above, now the concept to be further explored is the role of website's attributes(features) in e-retailing i.e., the features provided by the different companies attracts the users and enhances the e-retailing prospectus , affects companies growth and the rest is history……………..…………

Literature Review

- **Bansal,I.,et al.,(2015)**, has determined the quality of your online apparel retail store largely influences buying decisions. Whether you are a new startup or existing one, every retail store owner wants to learn the attributes of successful online apparel retail stores. So, here the need arises to review the important attributes of online apparel web stores in e-commerce by reviewing the possible website elements. The utilitarian attributes, such as price, product guarantee and returns policy, the security, privacy, information on how to buy, product images or technical description, achieved high selection percentages. Only good amount of product review (fabric, size, details, embroidery etc) can turn website viewer into e-customer.
- **Peral, B.P., et al., (2012),** has done this work to determine and analyze consumer preferences regarding the profiles of an e-retailer's web page. Two types of products are examined; a pleasure trip and a laptop computer, to test whether there are differences in the individuals' preferences. These attributes were then used to design the profiles for the conjoint analysis. In both products, the attributes that are most valued by the participants are the virtual store's security and privacy policy. However, for a laptop computer, consumers also emphasize the importance of the provision of the technical details of the product. In this study we have analyzed consumers' preferences regarding the attributes built into e-retailers 'web pages. This affords a better understanding of how they actually make their choices, maximizing the global utility of each attribute. The methodology used was conjoint analysis, a method which is ideally suited to the aims of this study.

- **Goi, C.l., (2011),** has conducted the research on web site attributes focuses on five attributes, functionality, design, content, originality, and professionalism and effectiveness. The design of web site becomes a critical success factor especially for e-commerce purposes. however, there is no further study has been done in Malaysia related to web site attributes and its impact on netizens online activities, in terms of communication, information gathering, entertainment and online transaction. The main objective of this study is whether web site attributes have strongly impact on netizens online activities, in terms of communication, information gathering, entertainment and online transaction in Malaysia. Data was analyzed with spss and amos. Spss was used for mean, correlation and factor analysis test. Amos was used for model fitness and regression test. This study hopefully helps marketers to identify the right web site attributes and its impact on netizens' online activities. The contribution of this research hopefully helped the internet marketer to identify the right web site attributes and to provide the basic idea of improvement of web site development for internet marketing purposes.

- **Maditinos, D., et al., (2008),** has determined this research in two-fold. Firstly, to examine the dimensionality of the satisfaction construct reviewing the related literature on user satisfaction with respect to websites and identifying different website attributes which contribute to the satisfaction's formation. Secondly, to develop and validate a reliable instrument for measuring users' satisfaction as well as highlight the disadvantages of conventional econometric methods when they are used in order to find out the relationships between satisfaction and its antecedents. A survey on satisfaction with websites was conducted having a sample of 370 respondents and receiving evaluations for 18 specific and 9 general attributes. Psychometric properties of the measures were examined indicating that all the attributes under examination are related to user satisfaction. The certain measures which are used in this study are kmo, ave, varimax, correlation, and some more reliability test was used to analyze the data for best results. This study developed an instrument for measuring user satisfaction raising interesting implications about the network structure of satisfaction's formation that may be used properly in order to recognize the relationship with its antecedents. However, the satisfaction's formation is a complicated procedure due to the fact that the importance of some attributes may be subject to their performance, therefore these relationships may not be simple.

- **Eid, M.I., (2011),** has conducted this study to identify the factors that influence the extent to which Saudi consumers trust, are satisfied with, and are loyal towards b2c e-commerce. This study draws on previous research to build a conceptual framework which hypothesizes relationships between these three ecommerce constructs and their antecedents. A survey was conducted among b2c e-commerce customers in the eastern province of Saudi Arabia using a structured self-administered questionnaire. The findings of this study show that b2c e-commerce customer loyalty in Saudi Arabia is strongly influenced by customer satisfaction but weakly influenced by customer trust. For the purpose of data analysis, the structured equation model (seem) method has been adopted and the lisrel 8.5 program was utilized. This paper attempted to examine the determinants of each of the b2c e-commerce customer satisfaction, trust and loyalty in Saudi Arabia. Both user interface quality and information quality of e-commerce websites were found to have a significant positive impact on consumer satisfaction. While it was found that user interface quality is strongly related to customer trust, information quality was not. It was also found that both perceived security risk and perceived privacy are strongly related to customer trust, but weakly related to customer satisfaction.

- **Bressolles,G., et al., (2011),** has prepared this research paper to address the linkages between the different dimensions like service quality, customer value and customer satisfaction concepts in an online context for wine websites. In all, 2,813 internet customers filled in an online questionnaire after completing a specified task on 28 selected websites selling wine directly to customers. A confirmatory factor analysis (CFA) was implemented to examine if it is reasonable to maintain the initial factor structure of the electronic service quality concept using EQS model. They have also used chi-square method to find the difference between the model with equal parameters in each group and the model with unequal parameters in each group. The dimensions of e-service quality (information, ease of use, design, security/privacy and reliability) have an impact on online customer value dimensions (social, utilitarian and transactional value) witch influence in return online customer satisfaction. This paper presents some results relating to these impacts. It finally stresses the role of social and utilitarian value as drivers for online customer satisfaction. From a managerial point of view, in order to increase customer value and satisfaction, online wine merchants should improve the different dimensions of the e-service quality of the website.

- **Jiradilok et al. (2014)** has studied the impact of customer satisfaction on online purchasing, customer experience in reference to online purchasing. This research utilizes a quantitative method to test the conceptual framework of customer satisfaction that leads to online purchase intentions for all online users, experienced online purchasers and inexperienced online purchasers. The results show that variety, website system quality, and tangibility have no influence on purchasing intention in customer's decision. Variety of products can assist customers from searching. The desired merchandises in many websites. Moreover, refraining from provide good quality of these dimensions may lead to customer's dissatisfaction and make them turn to other sites. This means that the vendor should provide not only what the others give to the customers but also should emphasize on the variables that customer's value in their purchasing consideration.

- **Chung et al. (2009)** conducted this study is to identify the relationship between site characteristics, relationship quality, and word of mouth in online retailing. Based on the analysis of 279 questionnaires, the following research findings were obtained. First, all characteristics of online retailing positively affect customer satisfaction, and security has more of a positive effect on satisfaction than the other characteristics do. Second, customer satisfaction positively affects e-trust, e-commitment, and word of mouth. Third, e-trust positively affects e-commitment, and e-commitment has a positive effect on word of mouth. It was found, however, that e-trust does not positively affect word of mouth. fourth, all characteristics of online retailing indirectly affect e-trust, e-commitment, and word of mouth, and it does this by moderating customer satisfaction. Fifth, customer satisfaction indirectly affects e-commitment and word of mouth by moderating e-trust. Sixth, e-trust indirectly affects word of mouth by moderating e-commitment. The results of this paper show that site characteristics can be the antecedents of relationship quality and word of mouth because of the direct and indirect effect of site characteristics on customer satisfaction, e-trust, e-commitment, and word of mouth.

- **Hani et al.** has conducted this study to investigate the important attributes of online web stores in e-commerce by examining the possible website elements that determine different aspects of association between customer's satisfaction and e-commerce website. The instrument of 24 items based on “servqual” using 5-point likert scale and completed by 60 respondents. Results of stepwise multiple regression indicated two main website elements: web response (26.3% of total variance) and web customization (5.1% of total variance). These attributes significantly predict customer satisfaction (31.4% of combined explained variance). Out of five independent variables, “website response” correlated highly with customer satisfaction (26.3% of explained variance). Results indicate that website response and website customization significantly contribute to customer's satisfaction. This study concludes with related suggestions and design instructions to improving customer satisfaction of e-commerce.

- **Baubonienė et al.** (2015) conducted this study to look at the factors driving online shopping and to develop an understanding of the factors influencing the online shopping by the consumers. The research project also reveals the factors that are discouraging for consumers and the benefits received by buyers making purchases online. Specifically, the research explores how online shopping can be affected by such factors as age, gender or occupation. The factors that affect the consumer online shopping have been disclosed through quantitative research by analyzing data collected via a web-based questionnaire survey. The sample consisted of 183 Lithuanian consumers who were purchasing online. Findings of this study indicate that the main factors influencing consumers to shop online are convenience, simplicity and better price. Analysis of socio-demographical characteristics such as gender has shown that men shop more often online because of the lower price. Respondents of the 25–35 year age group more often choose shopping online for such reasons as lack of time and a wide range of products.

- **Mishra et al. (2013)** has conducted the research analyzing perceived risks and website attributes in e-retailing: a study from India. This research study examines the behavior of online consumer in India in terms of internet usage, perceived risks, and website attributes influencing online users. A structured questionnaire was administered to 600 online consumers using field and online survey mediums. Results show that Indian online users had high level of perceived risks, highest fear being related to the delivery of products purchased online. information quality, product range and after online sales service are most preferred website attributes which influence Indian online users.

- **Nishant (2015)** has conducted the study on comparative study of e-commerce system considering website attributes and customer satisfaction. The main objective of this paper is to identify the factors that influence the extent to which Indian consumers trust, are satisfied with, and are loyal towards b2c e-commerce. This study draws on previous research to build a theoretical framework which hypothesizes relationships between these three e-commerce constructs and their antecedents. an investigation was conducted among b2c e-commerce customers in the eastern province of India using a structured self administered questionnaire. The results of this study show that e-commerce customer constancy in India is strongly inclined by customer satisfaction but weakly inclined by customer trust.

Objectives

1. To evaluate the underlying factors of Website Attributes on E-retailing.
2. To measure the relationship between the factors.
3. To open new vista of further researches.

Research Methodology

The Study: The study was exploratory in nature with survey method to be used to complete the study.

Sample Design- Population: In the study the population was website service user in Gwalior region.

Sample frame: Since the data was collected through personal contacts. The sample frame was the website service users.

Sample size: 150 respondents was the sample size.

Sample element: An individual respondent was the sampling element.

Sampling technique: Non-Probability sampling technique was used to select the sample.

Tools to Be Used For Data Collection: Self designed was used for evaluation of website attributes on e-retailing. Data was collected on point 5 Likert type scale, ranked from Highly Disagree to Highly Agree.

Tools to Use for Data Analysis:

- Reliability test.
- Correlation test.
- Factor analysis.

Reliability Measure

The reliability of Customer e-retailing was computed by using SPSS software. Cronbach alpha coefficient was computed to calculate reliability of all items in the questionnaire.

Reliability Statistics

Cronbach's Alpha	N of Items
.815	22

It was considered that the reliability value 0.7 is a standard value and it can be seen that in the reliability method that applied here the reliability value is 0.8 , reliability value is approximate to the standard value, so all the item in the questionnaire were reliable. So the statements in the questionnaire were treated as reliable statements.

Validity: The face validity was checked and found to be high.

Factor Analysis Of Website Attributes On E-Retailing

Factor Analysis of website attributes on e-retailing: The raw score of 22 items were subjected to factor analysis to find out the factor that contributes towards website attributes on e-retailing. After factor analysis 6 components were identified in each table. The details about factors, the factor name, Eigen value, Variable convergence, Loadings, Variance % and Cumulative % are given in the table. Along with this the KMO and Bartlett test was applied to find out the sample adequacy and which was found to be good enough to draw the results and was significant at 5% level.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.778
Bartlett's Test of Sphericity	Approx. Chi-Square	965.515
	Df	231
	Sig.	.000

Factor Analysis Table (FAT)

S.No.	Eigen Value	Factor Name	% of Variance	Statement No.	Statement	Loading No.
1.	4.831	Interaction	21.957	14	Presence of feedback of current customers.	.760
				12	Availability of live chat	.717
				15	Transparent suggestion and complaint system	.675
				10	Presence of customer care unit	.587
				18	Availability of happy customers review	.565
				22	Membership discount present	.529
2.	3.181	Product offers	14.458	3	No. of national brand offered	.770
				2	Regular announcement of sale on website.	.632
				4	Number of international brands offered	.613
3.	1.530	Order	6.956	20	Option of roll over image facility to magnify.	.711
				21	Facility of order confirmation through SMS/E-MAIL/CALL	.653
				17	Privacy policy	.516
				1	Good product assortment available on e-retailing.	.513

4.	1.230	Delivery	5.591	8	Comfortable delivery hours	.852
				7	Genuine delivery time	.828
5.	1.175	Convenient Policy	5.340	6	Trouble free shipment terms	.777
				5	Easy payment methods	.698
				13	Quality provided as promised	.516
6.	1.060	Services	4.816	19	Facility of on call booking	.740

Description Of Factors

Interaction

As per the rotated component matrix the Eigen value for the factor interaction is 4.831. Interaction is a kind of action between buyers and sellers that occur as two or more objects have an effect upon one another.

Product Offers

As per the rotated component matrix the eigen value for the factor product offers is 3.181. A product offer is an offer to sell a product that allows a customer to respond with a single click on which customer's satisfaction and their experience depends upon.

Order

As per the rotated component matrix the eigen value for the factor product offers is 1.530. Here order is the common factor as the entire product is available in proper order and there are many facilities regarding privacy also in their significant order.

Delivery

As per the rotated component matrix the eigen value for the factor product offers is 1.230. Delivery is a facility provided by the e-retailing companies for the convenience in getting the product at the right place on the right time.

Convenient Policy

As per the rotated component matrix the eigen value for the factor product offers is 1.175. These are the policies that facilitate the customer having a trouble free purchase and easy purchase methods with the quality as promised.

Service

As per the rotate d component matrix the eigen value for the factor product offers is 1.060. Service is needed for great customer satisfaction and great experience too. The number of services provided more the customer will be attracted.

Correlation Test

To determine the relationship between the 6 factors we have applied a correlation test and from the test we got the following results presented in the table given below

Correlations[a]

		interaction	Product offers	Order	delivery	Convenient policy	Service
Interaction	Pearson Correlation	1	.425**	.009	.059	.151	.373**
	Sig. (2-tailed)		.000	.917	.471	.065	.000
Productoffers	Pearson Correlation	.425**	1	.165*	.060	.466**	.258**
	Sig. (2-tailed)	.000		.043	.468	.000	.001
Order	Pearson Correlation	.009	.165*	1	.351**	.414**	.103
	Sig. (2-tailed)	.917	.043		.000	.000	.208
Delivery	Pearson Correlation	.059	.060	.351**	1	.261**	.054
	Sig. (2-tailed)	.471	.468	.000		.001	.510

ConvenientPolicy	Pearson Correlation	.151	.466**	.414**	.261**	1	.115
	Sig. (2-tailed)	.065	.000	.000	.001		.162
Service	Pearson Correlation	.373**	.258**	.103	.054	.115	1
	Sig. (2-tailed)	.000	.001	.208	.510	.162	

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

a. Listwise N=150

CORRELATION TEST ANALYSIS

Interaction- product offers and services are the two factors which have the significant relationship with interaction with the value .000.

Product offers- interaction, order, convenient policies and service are the factors which have the significant relationship with product offers with the value .000 ,.043, .000, .001 respectively.

Order- product offers, delivery and convenient policies are the factors which have the significant relationship with order with the values .043, .000, .000 respectively.

Delivery – order and convenient policies are the factors which have the significant relationship with delivery with the values .000 and .001 respectively.

Convenient policies- product offers, order and delivery are the factors which have the significant relationship with convenient policies with the values .000, .000, .001 respectively.

Services – interaction and product offers are the two factors which have the significant relationship with service with the values .000 and .001 respectively.

Conclusion

The study examined the correlation between factors of website attributes at Gwalior region. The questionnaires were filled by 150 respondents in the Gwalior region and by applying test like reliability, factor analysis and correlation. Reliability was tested and its outcome was .815 which is highly reliable to conduct the further study. For the factor analysis test 22 items were taken into consideration by which we got the 6 factors. Along with this the KMO and Bartlett test was applied to find out the sample adequacy and which was found to be good enough to draw the results and was significant at 5% level. After this we have applied correlation test and found that product offers is a major factor which is highly related with others factors i.e., interaction, order, convenient policies and services. Convenient policies and order are the minor factors.

"Internet Banking Practices and Customer Satisfaction Level''

Sayeda Rizvi

Dr. Meenakshi Gupta

Abstract

E-Banking is the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels. with the rapid development of computer technology as a commercial to internet banking can be used to attract more customers to perform banking transactions in related banks. however the main problem of internet banking faced by the providers is that a large number of the banks 'customers are not willing to use the internet banking services offered. The objectives of the study are to find out significance of internet banking, to analyse the customer satisfaction level over internet banking, to find the impact of infrastructural facilities & to suggest fundamental facilities for internet-banking, to find the major problem before internet banking. We try to achieve these through questionnaire as an instrument of methodology. the elements we use in the study are national electronic fund transfer(NEFT),real time gross settlement (RTGS),Automated teller machine (atm_s),electronic data interface (EDI),internet banking, tele banking, credit /debit /smart cards. In the past studies it has been seen that time, privacy control, and economic issues are among the aspects that customers see important in electronic banking .This study indicates that consumers are becoming busier, and hence, seeking to carry out their banking transactions at times convenient to them.

Introduction-

Without a sound and effective banking system in India it cannot have a healthy economy. The banking system of India should not only be hassle free but it should be able to meet new challenges posed by the technology and any other external and internal factors.

With little difference in levels of technology among major banks, relationships, buildings has assumed significances. However relationship banking is not a new thing in banking, especially in India. The internet is rapidly turning out to be a tool of worldwide communication. The increasing use of internet earlier promoted producers and entrepreneurs to sell their product online it has also become an important source of information and knowledge. Due tpo this, many banking and finance organisation have come up with the idea of internet banking or online banking.

Internet banking refers to using the website of your bank to process information. This can mean you use this site to manage loans, digital cheques, savings and checking accounts as well as pay bills and transfer funds. Most of the banking websites also allow you to download statements in pdf format that you can keep your records if you want to

SMS banking

Sms banking is similar to online banking in that you can do some things without going to the bank however, it is different in that you are using primarily text messages to perform certain actions. Depending on your bank, you may be able to use text messages, to receive an account balance at a set time and get alerts when your account dips below a certain balance or when a large sum of money is withdrawn from your account

MOBILE BANKING

Mobile banking is very similar to internet banking, except you are using a smartphone to bank rather than the computer. Many smart phones have apps that connect you directly to your bank, and give you information about your accounts allow you to pay bills or transfer money

Theoretical Framework

This research focuses on customer satisfaction and customer loyalty of e banking. Thus it is essential to review literature on these two key areas.

Customer Satisfaction

Customer satisfaction is stated to be one of the most important keystones when creating customer loyalty, especially in bank sector as even discussed in (ribbink, when rial, liljanter and streukens (2004), levrin and lilgender (2006) and methlie and nysveen (1999)). Customer satisfaction is defined as an overall evaluation based on the total purchase and consumption experience focused on the perceived product and service performance compared with prepurchase expectations over time (Sharma, N. And Patterson, (2000) and beerli, marten and Quintana (2004)).

1. Personal service

   Consumers appreciate the personal service they received at their branch, but are such interactions slowly declining as the numbers of online, atm and mobile banking transactions increased.
2. Confidence

   Successful banks have to ensure customer confidence
3. Problem resolution and customer care

   Many banks make great strives by listening to what their customers are asking for they try to improve satisfaction
4. Fees

   During the past several years many banks have eliminated free checking and implemented new fees, which has often negatively impacted overall satisfaction.
5. Facility

   Customer satisfaction may improve with provision of latest facility by banks
6. Account information

   Providing transaction details and statement regularly is another step to enhance satisfaction.
7. Technology adoption

   In the banking sector it is necessary to increase adoption of technology to better meet the customer satisfactions.

Review Of Literature

Panait Nicole tam (2005) highlighted in his study that price level on the e-banking and E-commerce market is lower than prices on traditional banking market. Thus, it is natural to stress that the differential in the prices charged for some products and services on the Internet would be smaller than the price differentials on the conventional banking market.

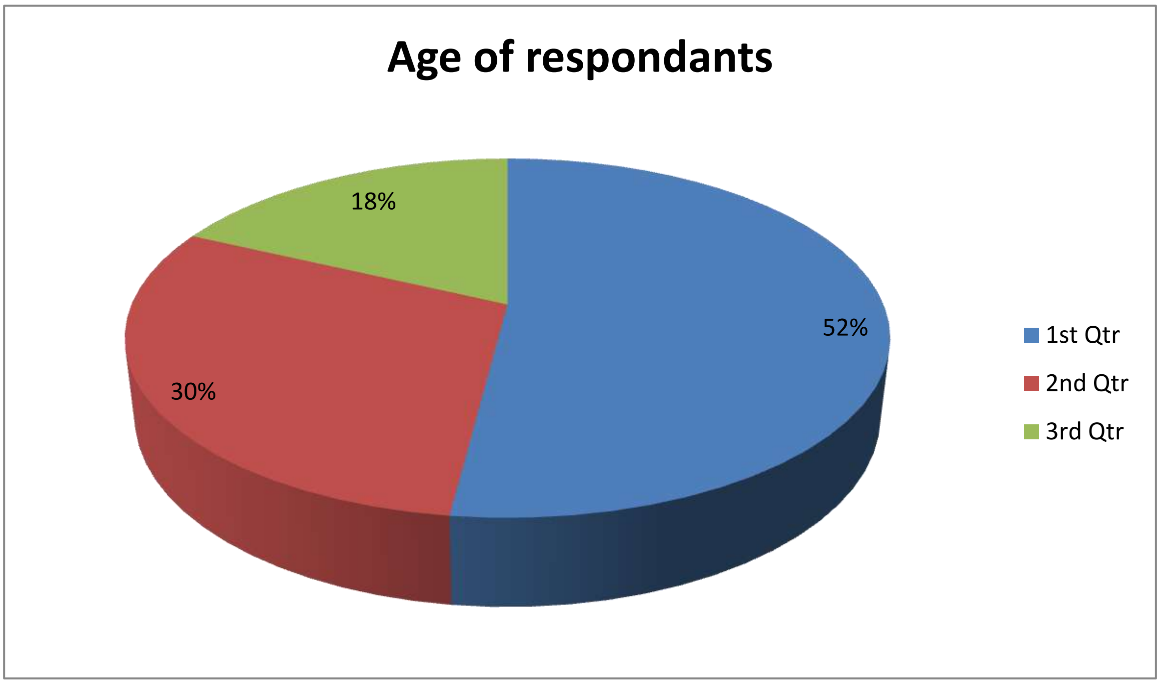
Yi-Jen Yang has pointed out that Electronic Banking due to pressures from competitions. To add further convenience to the customers, many banking institutions are working together to form an integrated system such as the integration financial Network and the Gendex Bank International.

Research Methodology

THE MATTER HAVE BEEN COLLECTED FROM secondary sources such as magazines ,newspapers,books,journals,websites,guidelines of government the sections of suitable methodology for conducting study in the area of banking sector and related customer.

Analysis of customer satisfaction has been done with the help of published data and internet banking details. For easy analysis interpretations of details and information i have added related pictures case studies and flowcharts.

Micro and macro approaches were adopted to reduce intelligence interpretations and convincing conclusions out of the collected matter.



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Demonetisation and Cashless Economy

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Abstract

Demonetisation is the withdrawal of a particular form of currency from circulation such as a gold coins. This policy of government will help the economy of a country to grow in a great way and facilitate the way of payment with the help of virtual money using debit cards, credit cards and nowadays AADHAR cards. Ashish Das and Rakhi Agarwal,(2010) founded in their study that e-banking system and e- payment is very much helpful for the growth of cashless economy and through another study of Annamalai,S. and Muthu R.liakkuvan(2008) on "Retail transaction :Future bright for plastic money"projected the growth of debit and credit cards in the retail transactions.They also mentioned the growth factors,which leads to its popularity,important constraints faced by banks and summarized with bright future and scope of plastic money,Jain,P.M(2006) on "e-payments and e-banking opined that e-payments will be able to check black"an analysis of growth pattern of cashless transaction system .Taking fullest advantage of technology,quick payments and remittances will ensure optimal use of available funds for banks ,financial institutions,business houses and common citizens of India .He also pointed out the need for e-payments and modes of e-payments and communication networks .The study was based on oral discussion with 50 people and secondary data gathered from newspapers,magazines , journals,books. The purpose of this study was to examine the effect of demonetisation and cashless economy in respect of India. Cashless economy reduces the embezzlement and increase e- banking and e- payment.

Keywords*:demonetisation,cashless,virtual,e-payments,e-banking,debit cards and credit cards.*

Introduction

On November 8, 2016, the government announced a historic measure, with profound implications for the economy. People and government are having more than one options to make the purchasing or support transactions to make the situation in equilibrium like online banking, mobile banking, online shopping, e-wallets, credit cards, debit cards, UPI [Unified shopping, e-wallets, credit cards, debit cards, UPI [Unified coming up. In this paper we have specified the various options available for cashless economy and their positive and negative effects.The demonetisation of the highest denomination currency notes is part of several measures undertaken by the government to address tax evasion, counterfeit currency and funding of illegal activities. The requirement to deposit currency notes in excess of specified limits directly into bank accounts has resulted in the declaration of hitherto unaccounted income, subject to higher tax and other penalties. With increasing adoption of electronic payments, particularly those driving e-commerce and m-commerce, there is a growing demand for faster payment services which, in turn, facilitate ease in doing financial transactions.

Demonetisation Of Currency

It is the process of ceasing to produce and circulate particular forms of currency. This is necessary whenever there is a change of national currency. The old unit of currency is retired and replaced with a new currency unit. Legal tender is a medium of payment recognized by a legal system to be valid for meeting a financial obligation coins and banknotes are usually defined as legal tender whereas personal cheques, credit cards, and similar non-cash methods of payment are not considered legal tender as debt obligations is not relieved until the payment is tendered.

Cashless Economy(Meaning)

Cashless economy is a situation in which the flow of cash within an economy is non-existent and all transactions are done through electronic media channels such as direct debit, credit and debit cards, electronic clearing, payment systems such as Immediate Payment Service (IMPS), National Electronic Funds Transfer (NEFT) and Real Time Gross Settlement (RTGS). Today, credit cards and online payment services are becoming increasingly popular in urban India ,paper currency notes are still an essential part of daily life. One saying is reveune is vanity ,cash flow is sanity but cash is king

. Cash may be defined as any legal medium of exchange that is immediately negotiable and free of restrictions .

Objective Of The Study

The main objective of the study is to consider the following points:

1-To study Role of Demonetization.

2-To study the impact of demonetization on the various sectors of economy.

3- To study the positive and negative effects of demonetization according to the respondents.

Literature Review

Alvares,Cliford (2009) in their reports "The problem regarding fake currency in India".It is said that the country's battle against the fake currency is not getting easier and many fakes go undetected.It is also stated that counterfeiters hitherto had restricted printing facilities which made it easier to discover fakes.Ashish Das and Rakhi Agarwal, (2010)in their article "Cashless Payment System in India-A Roadmap"Cash as a mode of payment is an expensive proposition for the government.the country needs to move away from cash based towards a cashless payment system. Annamalai, S. and Muthu R.Iikkuvan(2008)in their article "Retail transaction:Future bright for plastic money" projected the growth of credit card and debit card in retail transactions.They also mentioned thegrowth factors,which leads to popularity,important constraints faced by banks and summarized with bright future and scope of plastic money. Jain,P.M (2006)in the article " E-payments and E-banking" opined that E-payment will be able to check black" An Analysis of Growth Pattern of Cashless Transaction System. Taking fullest advantage of technology,quick payments and remittances will ensure optimal use of optimal use of available funds for banks,financial instituitions, business houses and common citizens of India.He also pointed out the need of e- payments and mode of e- payments and communication networks.

Research Methodology

The research has been conducted using both the methods.Both the primary data as well as secondary data has been collected. Interview method has been used along with information gathered from newspapers, magazines,journals, articles and social sites.The survey has been conducted on 50 people and their opinions has been recorded.

Data Collection And Analysis

The survey has been conducted to check whether people have awareness about demonetization as well as cashless economy. During the survey we got to know the quantum of awareness and knowledge prevailing among laymans .

➢ History Of Demonetisation

The sudden move to demonetize rupee 500 and 1000 currency notes is not new.Rupees 1000 and higher denomination notes were first demonetized in January 1946 and again 1978.The highest denomination note ever printed by the RBI was the rs 10000 note in 1938 and again in 1954.But these notes were demonetized in January 1946 and again in January 1978,according to RBI data.The rs 50 and 100 bank notes were issued in august 2005 , followed by rs 500 and 5000 denominations in October 2005 ansd rs 10 and 20 in april 2006and august 2006 respectively. So the last time demonetisation was done in India is almost 36 years ago.

➢ Impact Of Demonetisation And Cashless Economy

The cashless transaction system is reaching its growth day by day , as soon as the market become globalised and the growth of banking sector more and more the people moves from cash to cashless system. The cashless system is not only requirement but also a need of today society. All the online market basically depends on cashless transaction system. The cashless transition is not only safer than the cash transaction but is less time consuming and not a trouble of carrying and trouble of wear and tear like paper money. It also helps in record of the all the transaction done. So, it is without doubt said that future transaction system is cashless transaction system.

➢ Advantages Of Demonetisation And Cashless Economy

· End of Hawala Transactions

· End of Huge Donations

· Massive decline in black money

· Almost end of fake currency racket initially

· Obstacle for terrorism

· Reduce in corruption for few months

· Fair election

· Increase in amount in savings account

· Increase in online transactions like PayTM,freecharge etc.

· Cashless economy

· Support for Government finances

· Cashless transaction

.Bank branches have been growing ,ATMs, debit cards, and cart-swiping machines have increased, Online transactions have grown . PayU India (E-Commerce portal), Paytm ‘Ola Money’ registered increase in their e-wallet. Consumers who are otherwise using cash mode of payments, have started switching over to e-payments.Cashless economy will keep records of financial transactions .Recording financial transactions has many advantages. Government can collect appropriate tax revenues and effectively curtail illegal transactions .Unaccounted money and illegal notes play havoc rendering policy initiatives ineffective and redundant.Demonetisation will put a short-term break on this. Banks will be the key beneficiaries as they have been getting strong inflow of cash.

➢ Disadvantages Of Demonetisation And Cashless Economy

□□□□Lowering of stock market

□□□□Money will be drawn out of the market

□□□□Decline in the GDP

□□□□Inconvenience to people

□□□□Inconvenience to small businesses and traders

(6) Loss to common people

□□□□Impact on service industry

(8) Only a temporary measure

□□□□□Running out of Money - empty ATM’s

□□□□□Hospitals and medical treatment

(11) Effect on cash-dependent sectors

(12) Consumer goods

(13) Real estate and property

(14) Gold and luxury goods

(15) Automobiles

Recent month has seen millions of poor and middle class people,with no cash to buy food and medicines ,stand and in long queues to access their own money from the banks and ATMs . There is mismatch between people’s preferences for cash and the availability of cash.Cash circulation has slowed down significantly in the economy after demonetization came into effect. Consequently, business across sectors has declined as consumers are prioritizing spending on necessities . Farmers have difficulty in buying inputs and selling outputs. Traders,Retailers ,Small and Medium industries all are damaged . Over 60 percent of oue economy is in the informal sector which is dependent on cash . □e supply chain is disrupted and has affected production . Trasport industry is at a standstill . Rickshaw drivers, Street vendors, Domestic workers and Daily laborers – not only the wage earners but middle class all are adversely affected .Transport services, grocery, fruits and vegetables and all other goods , are facing contraction in demand Demonetisation has affected supply as well as demand

. This in turn will lead to inflation rather than low prices . The country is being driven into recession and the level of economic activity is declining .The currency ban has reduced the money supply drastically , thereby resulting in a GDP contraction ,low employment opportunities and low consumption in the economy. A possibility of increase in inflation will worsen the balance of trade .This could result in pressures on the rupee towards depreciation.

The impact on taxes would be negative because of the compression in demand. The demand for gold and luxuries will increase as have attempted to convert cash balances into such metals ..

Conclusions And Findings

At first we didn't found peoples response much collaborative and communicative as well .Some were not showing interest and some were not aware about the facts .Some of the respondents were in favour whereas some were in total against of this decision (espicially those who were operating small business or having ceremonial functions in their family as these people suffered the most because of lack of liquidity in market).There was the mixed reaction of the people. Sample of 50 people has been divided into smaller sections as educated and uneducated people,professional and household sector,college going students persuing their graduation post graduation courses.Educated people along with college going students were very much familier with the internet and online transactins .Professtional sectors people have also seen interest in the discussions. The agriculture sector had been affected seriously. Bankers have their different viewpoints. The households mainly the ladies were of opinion that they have to show their little savings to their husbands. The families having wedding functions at their homes were also against this dedcision.Therefore it is the time finally which is going to decide the future effects of this major reforms.

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CASHLESS INDIA –ITS SCOPE, POSSIBILITY AND PROBLEMS: Mrs. Shubhangi Sandeep Tambe(Research scholar,JJT university(ISSN NO. 2321-1067)

Basic Concepts and Features of Goods and Services Tax in India

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Introduction

I. History of Taxation

What is Tax?

The word tax is derived from the Latin word „*taxare* meaning "to estimate".

"A tax is not a voluntary payment or donation, but an enforced contribution, exacted pursuant to legislative authority" and is any contribution imposed by government whether under the name of toll, tribute, impost, duty, custom, excise, subsidy, aid, supply, or other name."

II.Tax Structure in India

Taxes in India are levied by the Central Government and the State Governments. Some minor taxes are also levied by the local authorities such as Municipality or Local Council. The authority to levy tax is derived from the Constitution of India which allocates the power to levy various taxes between Centre and State.

Some of the important Central taxes

- CENVAT
- Customs Duty
- Service Tax

Some of the important State taxes

- State Sales Tax

- CST
- Works Contract Act
- Entry tax
- Other local levies

Major milestones in Indirect Tax reform

1974 Report of LK Jha Committee suggested VAT
1986 Introduction of a restricted VAT called MODVAT
1991 Report of the Chelliah Committee recommends VAT/GST and recommendations accepted by Government
1994 Introduction of Service Tax
1999 Formation of Empowered Committee on State VAT
2000 Implementation of uniform floor Sales tax rates
Abolition of tax related incentives granted by States
2003 VAT implemented in Haryana in April 2003
2004 Significant progress towards CENVAT
2005-06 VAT implemented in 26 more states
2007 First GST stuffy released By Mr. P. Shome in January
2007 F.M. Announces for GST in budget Speech
2007 CST phase out starts in April 2007
2007 Joint Working Group formed and report submitted
2008 EC finalises the view on GST structure in April 2008
2009 proposed to be implemented from 1.4.2010 2016 Draft model GST law released 2017 1 July is thought to be the final implementation of the law

III. Limitations of Existing Indian Taxes

Originally, the taxes on the sale of goods were levied in terms of the respective Sales Tax/Trade Tax enactments and the 'entry of goods' was subject to tax under the respective State Entry Tax enactments and this scenario prevailed till the reform process set in whereupon these levies were replaced by VAT.

The levy of tax on provisioning of services was introduced for the first time in 1994 and has been subjected to persistent vigorous legal challenges. Still lot of services remained uncovered. The need for transition from the Sales Tax /trade structure for taxing commodities to a value added . However the shift to VAT did not put to an end to cascading realities. This because Parliament has maintained its own VAT model[1] and also the State Legislatures their own[2], there was no linkage between the two and thus the credit of duties paid on manufacture are not available towards adjustment on duties payable on sale of goods.
Input set-off available to the manufacturers.

Thus it is evident that the transition to VAT did not remedy the issue of non-creditable duties and the consequent cascading effect requiring further reform in the area and consequently GST arose.

Service tax was introduced in 1994. Current service tax rate is 10.30%. The scope of service tax has since been expanded continuously by subsequent Finance Acts and now nearly 109 services are covered. But there are many service sectors which are out of purview of Central Government which can generate more revenue to Government.

Despite of existence of multiple taxes like Excise, Customs, Education Cess, Surcharge, VAT, Service Tax etc. GDP of India is much lower than GDP of countries like USA, China and Japan. India has miles to go to achieve this level.

GDP of nations	
G.D.P.	G.D.P. in trillion US.Dollars
U.S.A.	13.84

China	6.99
Japan	4.3
Germany	2.81
Britain	2.14
France	2.05
Italy	1.79
Canada	1.27
India	1.00

Therefore, the Indirect Taxes are therefore urgently required to be rationalized and unified. If the G.S.T. is introduced it would certainly increase the volume of tax collection. The implementation of GST would ensure that India provides a tax regime that is almost similar to the rest of the world. It will also improve the international cost competitiveness of native goods and services.

IV. Need for GST Model in India

"Liberal in assessment and ruthless in collection."

The proposed GST seems to be based on the above principle. Following are the supporting reasons to adopt GST:

- Present system allows for multiplicity of taxes, the introduction of GST is likely to rationalize it.
- Many areas of Services which are untaxed. After the introduction of GST they will also get covered.
- GST will help to avoid distortions caused by present complex tax structure and will help in development of a common national market.
- Existing taxes i.e. Excise, VAT, CST, Entry Tax have the cascading effects of taxes. Therefore, we end up in paying tax on tax. GST will replace existing taxes.
- GST will lead to credit availability on interstate purchases and reduction in compliance requirements.
- Introducing GST will do more than simply redistribute the tax burden from one sector or Group in the economy to another.
- Achieves, uniformity of taxes across the territory, regardless of place of manufacture or distribution.
- Provides, greater certainty and transparency of taxes.

- Ensure tax compliance across the country
- GST will avoid double taxation to some extent.
- The implementation of GST would ensure that India provides a tax regime that is almost similar to the rest of world. It will also improve the International cost competitiveness of native Goods and Services.
- GST will provide unbiased tax structure that is neutral to business processes and geographical locations.
- If the Goods and Service Tax is implemented in the true spirit, it will have many positives for the stakeholders and will lead to a better tax environment.

V. Introduction to GST

- GST is not going to be an additional new tax but will replace other taxes.
- GST is a simple, transparent, and efficient system of indirect taxation.
- The system facilitates taxation of goods and services in an integrated manner.
- It is a comprehensive value added tax on the supply and consumption of goods and services in an economy.
- GST is levied at every stage of production-distribution chain with applicable set-offs. GST is basically a tax on final consumption.
- In simple terms, GST may be defined as a tax on goods and services, which is leviable at each point of sale or provision of service, in which at the time of sale of goods or providing services the seller or service provider may claim input credit of tax which he has paid while purchasing the goods or procuring the services.
- It will help in eliminating tax induced economic distortions and gives boost to the economy.
- The compliance and administrative cost will be much lower.
- On indirect tax front, India is all set to usher into the era of all new tax called 'Goods and Service Tax' which will bring in India at par with over 140 developed Nations of the world. It is going to be the biggest tax reform ever introduced in Independent India.

VI. Background of Goods and Service Tax outside India

Goods and Service also known as the Value Added Tax (VAT) or Harmonized Sales Tax Following are some successfully implemented GST models in other counties:

1.Australia

- Rate of GST 10%
- GST is administered by the Tax office on behalf of the Australian Government, and is appropriated to the states and territories.
- Every company whose turnover exceeds $75,000 is liable for registration under GST and in default 1/11th of the income and some amount is form of penalty.
- There are provisions for credit back of GST, submission of returns according to limit decided, Maintenance of records etc. There they have to keep records for 5 years for the purpose of GST.

2. Canada

- GST is imposed at 5% in Part IX of the Excise Tax Act. GST is levied on goods and services made in Canada except items that are either "exempt" or "zero-rated".
- When, a supplier makes a zero-rated supply, he is eligible to recover any GST paid on purchases but the supplier who makes supply of Exempt goods he is not eligible to take input tax credit on purchases for the purpose of making the exempt goods and services.

3. New Zealand

- Rate of GST 12.5%.
- Exceptions are rent collected on residential rental properties, donations and financial services.

VII. Background of Goods and Service Tax in India

The Kelkar Task Force on implementation of FRBM[3] Act, 2003 had pointed out that although the indirect tax policy in India has been steadily progressive in the direction of VAT Principle since 1986, the existing system of taxation of goods and services still suffers from many Problems. The tax base is fragmented between Centre and States.

Keeping significance of GST in view, an announcement was made by then our Ex – Finance Minister Mr. P. Chidambaram in his four budget speeches[4].

Budget Speech 2004-05

Budget Speech 2005-06

Budget Speech of 2006-07

Similar speech given in the Budget of 2007-08

VIII. GST Models Suggested by Indian Experts Initially

On this basis as experts are univocal on three options namely –

- First, The Centre will have complete power to levy and collect tax and will distribute it to States according to a pre-defined formula.
- Second, a dual levy, one at the Central and another at the state with a common base;
- Third, dividing the right to tax goods between the Centre and the States.

Various models have been designed and a few of them advocated by various experts as follows.

The Kelkar – Shah Model suggested implementation of GST in four stages-

The Kelkar – Shah Model
Establishing Information Technology systems
Building the Central GST
Political effort of agreeing on "Grand bargain;
Interaction with the States.

The Bagchi – Podda Model–

It also visualizes a combination of Central Excise, Service tax and VAT to make it a common base of GST to be levied both by the centre and the states separately and collection by both the centre and the states.

The Institute of Chartered Accountants of India

The ICAI, recommended that GST should have Dual tax structures at the Centre and State levels. There should be two levels operating parallelly, one at Union Level and other at State LevelAs per the budget speech of 2006-07, the Empowered Committee was to suggest best model after analyzing above global models and Indian models in operations to suit India's federal structure.

Suggestions made by experts of Indian in above proposed models had same reflected in the

Budget speech of Union Finance Minister Mr. Pranab Mukherji in 2009-10[5]

Dr. Asim K. Dasgupta, Chairman of Empowered Committee and Revenue Secretary Mr. P. V. bhide have also reiterated that GST is coming w.e.f. 1st April, 2010.

IX.Salient features of proposed GST model

i. Harmonized system of nomenclature (HSN) to be applied for goods

ii. Uniform return & collection procedure for central and state GST. iii. PAN based Common TIN registration[6].

iv. Turnover criteria to be prescribed for registration under both central goods and services tax (CGST) and state goods and services tax (SGST).

v. TINXSYS to track transactions[7].

vi. Tax Payment will be by exporting dealer to the account of receiving state. vii. Credit will be allowed to the buying dealer by receiving state on verification. viii. Submission of declaration form is likely to be discontinued.

ix. Area based exemptions will continue up to legitimate expiry time both for the Centre and the States.

x. Product based exemptions to be converted into cash refund.

xi. Limited flexibility to be given to Centre and States for exceptions like natural disasters etc.

xii. Simplified structure to reduce transaction cost. xiii. Separate rules and procedures for the administration of CGST and SGST. xiv. Specific provisions for issues of dispute resolution and advance ruling.

X.Preparation for GST

The GST will require legislative and constitutional changes. As the time gap between formation and implementation is very less. Therefore, following things need to be done:-

i. Constitutional amendment to enable state to levy service tax.

ii. Center to tax goods beyond factory Gates

iii. Laws of central excise act 1944 and finance act 1994 needs to be replaced.iv. Existing VAT laws needs to be repealed.

v. It is highly expected that all steps are taken to ensure that no pending work relating to Sales Tax, VAT or other Indirect Taxes remains outstanding before implementation of GST so that everybody can concentrate on new law.

vi. Central and State Government should be prepared to fulfil the expectations for Trade and Industries.

vii. Record keeping will have to be changed and IT software will have to be updated in order to comply with GST provisions.viii.Trade and Industries will have to rethink market strategies, stock transfer pricing and godown keeping policies in different states.

ix. Uniform dispute settlement machinery

x. Adequate training for both tax payers and tax enforcers.

XI. Impact of Goods and Service Tax

1.Food Industry

The application of GST to food items will have a significant impact on those who are living under subsistence level. But at the same time, a complete exemption for food items would drastically shink the tax base. Food includes grains and cereals, meat, fish and poultry, milk and dairy products, fruits and vegetables, candy and confectionary, snacks, prepared meals for home consumption, restaurant meals and beverages. Even if the food is within the scope of GST, such sales would largely remain exempt due to small business registration threshold. Given the exemption of food from CENVAT and 4% VAT on food item, the GST under a single rate would lead to a doubling of tax burden on food.

2. Housing and Construction Industry

In India, construction and Housing sector need to be included in the GST tax base because construction sector is a significant contributor to the national economy.

3. FMCG Sector

Despite of the economic slowdown, India's Fast Moving Consumer Goods (FMCG) has grown consistently during the past three – four years reaching to $25 billion at retail sales in 2008. Implementation of proposed GST and opening of Foreign Direct Investment (F.D.I.) are expected to fuel the growth and raise industry's size to $95 Billion by 2018.

4. Rail Sector

There have been suggestions for including the rail sector under the GST umbrella to bring about significant tax gains and widen the tax net so as to keep overall GST rate low. This will have the added benefit of ensuring that all inter – state transportation of goods can be tracked through the proposed Information technology (IT) network.

5. Financial Services

In most of the countries GST is not charged on the financial services. Example, In New

Zealand most of the services covered except financial services as GST. Under the service tax, India has followed the approach of bringing virtually all financial services within the ambit of tax where consideration for them is in the form of an explicit fee. GST also include financial services on the above grounds only.

6. Information Technology enabled services

To be in sync with the best International practices, domestic supply of software should also attract G.S.T. on the basis of mode of transaction. Hence if the software is transferred through electronic form, it should be considered as Intellectual Property and regarded as a service. And If the software is transmitted on media or any other tangible property, then it should be treated as goods and subject to G.S.T.

7. Impact on Small Enterprises

There will be three categories of Small Enterprises in the GST regime.

- Those below threshold need not register for the GST
- Those between the threshold and composition turnovers will have the option to pay a turnover based tax or opt to join the GST regime.
- Those above threshold limit will need to be within framework of GST Possible downward changes in the threshold in some States consequent to the introduction of GST may result in obligation being created for some dealers. In this case considerable assistance is desired.

In respect of Central GST, the position is slightly more complex. Small scale units manufacturing specified goods are allowed exemptions of excise upto Rs. 1.5 Crores. These units may be required to register for payment of GST, may see this as an additional cost.

XII. Conclusion

- The enumeration of benefits casts a welcome setting for GST
- Proving GST as a superior and sufficient system depends upon the structure it is designed into and the manner of implementation.
- While it serves to be beneficial set up for the Industry and the Consumer, it would lead to increase in revenue to Government.

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Role Of Training and Development in Employees Progress

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Abstract

This research paper tells about training which is a process of assisting a person for enhancing his/her efficiency and effectiveness to a particular work area by getting more knowledge and practices. It is important to establish specific skills, abilities and knowledge to the employees. For an organisation, training and development are important because the organisational growth and profits are dependent upon the training. The success of an organisation depends upon its knowledgeable, skilled as well as experienced workforce. The objectives of the study were to determine the method of training and development and their frequency level at which it undertakes , it helps in optimizing the utilisation of human resources, to know the effect of training and development activities on worker's performance, to ascertain the effectiveness of it and to know whether existing training and development programme contribute to personal as well as organisational goals. This study indicates that training is positively associated with job satisfaction , it reduces the labour turnover and absenteeism of workers and the trained employees adapt themselves quickly to the new technologies and they can easily solves the complex problems. Organisations must have employees who are able to quickly adapt to an ever-changing world.

Keywords: *Employees Training, Employees Development, Employees Confidence, Employees Productivity.*

Introduction

Training can be introduced simply as a process of assisting a person for enhancing his/her efficiency and effectiveness to a particular work area by getting more knowledge and practices. Also training is important to establish specific skills, abilities and knowledge to an employee. In the field of Human Resource Management, Training and Development is the field concern with organizational activities which are aimed to bettering individual and group performances in organizational settings. It has been known by many names in the field of Human Resource Development, such as employee development, learning and development etc. Training is really developing employee's capacities through learning and practicing. The purpose of the training is to enhance the employee's knowledge and skills, modifications of the behaviour as per the job requirements and application of the learning to the day to day on-job activities. This is an imposed obligation to the employee by the employer.

Training and Development is the framework for helping employees to develop their personal and organisational skills, knowledge and abilities. Development is the organized use of systematic and technical knowledge to acquire objectives or requirements. Development is a long run educational procedure emphasizes on a systematic and organized method through which managerial personnel acquire conceptual and theoretical knowledge. The focus of all aspects of Human Resource Development is on developing the most superior workforce so that the organization and individual employees can accomplish their work goals in service to customers.

All employees want to be valuable and remain competitive in the labour market at all times, because they make some demand for employees in the labour market. This can only be achieved through employee training and development. Hence employees have a chance to negotiate as well as employer has a good opportunity to select most suitable person for his vacancy. Employees will always want to develop career-enhancing skills, which will always lead to employee motivation.

Objectives of the Study

The objectives serve the basis of any study. The main objective of the study is to highlight the effects of training and development activities on the workers of the company **SPECIALITY RESTAURANT LTD, NOIDA.**

- To determine the method of Training and Development and their frequency level at which it undertakes.
- To know the effect of Training and Development activities on worker's productivity performance.
- To ascertain the effectiveness of Training and Development.

- To know whether existing Training and Development programmes contribute to personal as well as their organisational goals.

Literature Review

Human resource is the very important and the backbone of every organization and it is also the main resource of the organization. So organizations invest huge amount on the human resource capital because the performance of human resource will increase the performance of the organization.

Galia and Legros(2004) explored in their study that the firm-level relationships between R &D investments , innovation, training investments , quality and firm performance. It offers empirical evidence on how innovation , training and quality affect firm profitability. The data are from the French innovation survey combined with firm-level register data. This allows us to consider a number of training and quality related variables which are usually neglected in the literature. While determinants are controlled for, our results show there exists a virtuous circle.

Melanie , Jone and Latreille(2008) analysed in their study the relationship between training , job satisfaction and workplace performance using the British 2004 Workplace Employee Relations Survey(WERS). Several measures of performance are analysed including absence, quits, financial performance , labour productivity and product quality. While there is clear evidence that training is positively associated with job satisfaction, and job satisfaction in turn is positively associated with most measures of performance, the relationship between training and performance is complex, depending on both the particular measures of training and of performance used in the analysis.

John(2009) explored that the education as well as the market scenario is changing very fast. A decade ago , those individuals who had a brilliant academic record with added work experience were well sought after by most of the corporate institutions. But today hard skills and experience are not sufficient enough for the ingress and escalation in the corporate world. Employers prefer to hire and promote those persons who are resourceful, ethical and self directed with good communication skills. Dearth of soft skills in the candidates has resulted in low hiring by corporate. Inspite of such great significance of soft skills , many management colleges are reluctant to incorporate soft skills training in the curriculum of management courses. This paper is based on an empirical study conducted between students regularly exposed to soft skills sessions and those who are deprived of the same.

Arapetyan(2009) examined during his research when the number of unsolved problems and unsatisfied demands of a company increase , challenges of business environment become more complicated , and instruments do not work efficiently, than companies refer to new models. It is much easier to adapt a model that is a classical one and has helped many companies to achieve high results. However, as the practice proves, this approach will not work, since every company is unique. So, they have decided not to offer you a pill which will become life-saving during the process of creating training and development models.

Research Methodology

The study sample comprised of 110 employees of different departments of Speciality Restaurant Ltd, Noida. The sample is mixed like males and females. The data is collected through questionnaire consists of 10 questions.

Research Design:

The design that was considered for the research was sending a questionnaire to employees of Speciality Restaurant Ltd. The questionnaire method was chosen because, it is suitable for practical problems. The aim of this research was to identify the extent to which Speciality Restaurant have been using planned and systematic training and development to motivate and improve the performance of its employees .

Population:

The total population of the Speciality Restaurant Ltd, Noida (including senior staff) is about one hundred and ten(110). There were 4 departments in Speciality Restaurant i.e.

- House keeping
- Food production
- Food and Beverages

- Administrative

Out of which only training is imparted to 2 departments i.e Food production and Food and beverages, therefore , we considered in this research only two departments i.e Food production and Food and beverages. Respondents were supplemented with a set of questionnaire .

Food and Beverage Deptt.

Composition	**Number.**
Business Manager	1
Assistant Restaurant Manager	4
Guest service Associate	10
Guest service attendant	20
Guest service Assistant	16
Housekeeping Attendant	3
Delivery Attendant	1
Total	60

Food Production Deptt.

Composition	**Number**
Chef-Incharge	5
Chef-De-Parte	5
Commis I	15
Commis II	5
Commis III	5
Tr Commis III	5
Staff Cook	5
Utility Attendant	5
Total	50

Data collection Procedure:

The data collection procedure adopted was the self administered questionnaire by the respondents. The respondents to this questionnaire were free to answer the questions according to their own conscience without been compelled to satisfy the researchers. Information from these questionnaires constituted the primary data for the research

Data Analysis And Discussions Of Results.

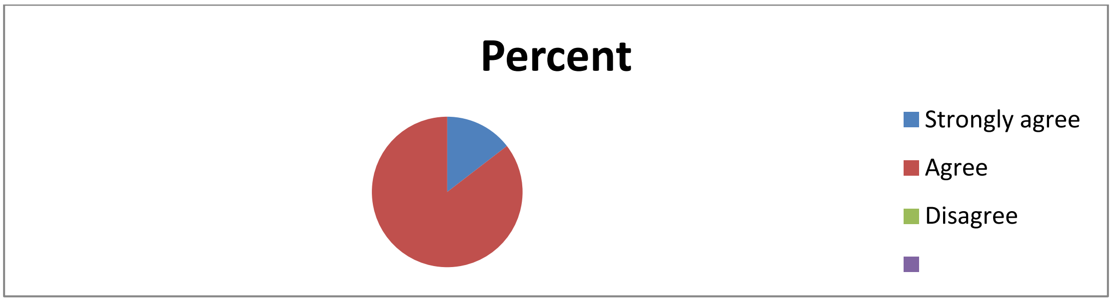
This topic thoroughly examined and analyzed the data gathered from the respondents on the effect of training and development on employees' performance, motivation, retention and morale in Speciality restaurant . the findings of this research study and the subsequent evaluation carried out on the responses reflect the key areas of training and development and its challenges on employee performance , motivation, retention and morale. Results of this study have important implications for human resource managers whether they are using effective human resource strategies such as training and development for quality staff performance delivering.

Analysis of findings:

A total number of one hundred and ten(110) employees were selected to provide answers to the questionnaire:

1. **Is your organization considers training as a part of Organizational strategy?**

Option	**Percentage**
Strongly agree	14.54
Agree	85.45
Disagree	0

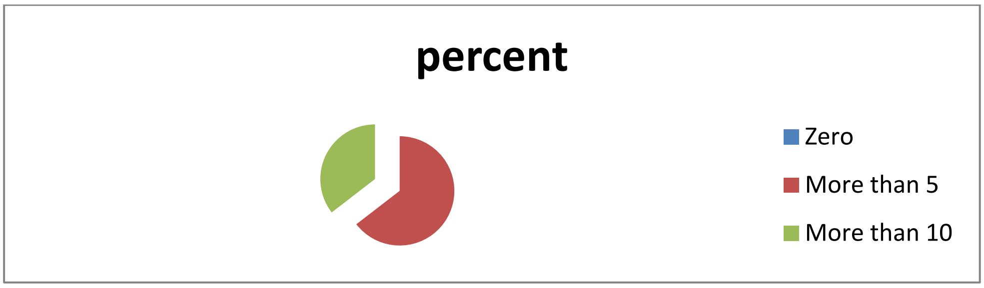


Interpretation:

This pie chart depicts that 14.54% respondents responses strongly agree and 85.45% respondents were agree for that the organization considers training as a part of organizational strategy.

2. **How many training programmes would you attend in a year?**

Option	Percentage
Zero	-
More than 5	64.54
More than 10	35.46

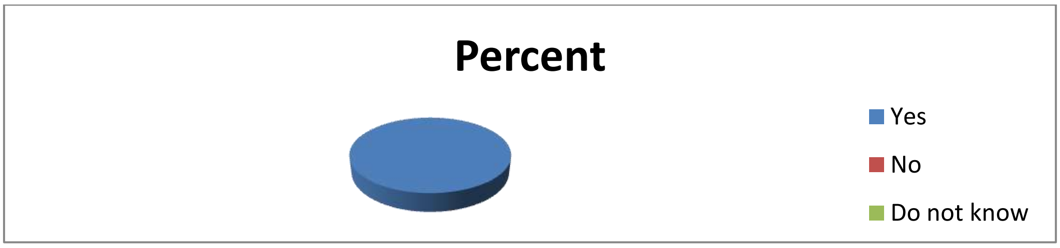


Interpretation:

This pie chart depict that 64.54% respondent were received more than 5 training programme and 35.46% respondent were received more than 10 training programmes.

3. **Does the training method focus on developing team work and leadership skills?**

Option	Percentage
Yes	100
No	-
Do not know	-

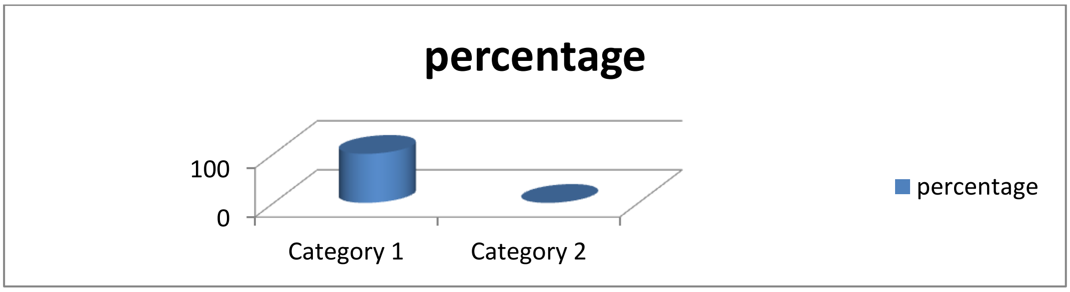


Interpretation:

100% respondent were in favour of that training method focus on developing team work and leadership skills.

4. **Does training and development programmes helps to increase the motivation level of employees?**

Options	Percentage
Yes	100
No	-

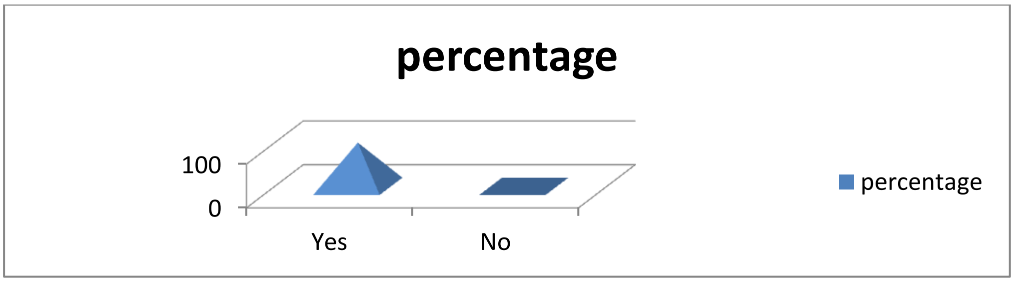


Interpretation:

100% respondents were in favour that training and development programmes helps to increase the motivation level of employees.

5. **Does trained employees are more productive than untrained employees?**

Option	Percentage
Yes	100
No	-

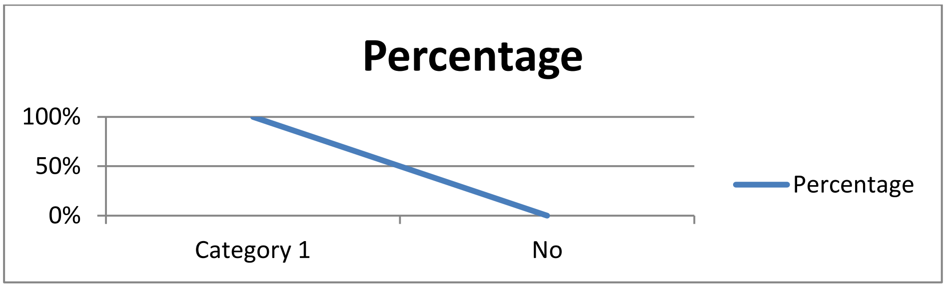


Interpretation:

100% respondents were in favour that trained employees are more productive than untrained employees.

6. Does training helps to improve the relationship of employers and employees?

Options	Percentage
Yes	100
No	-

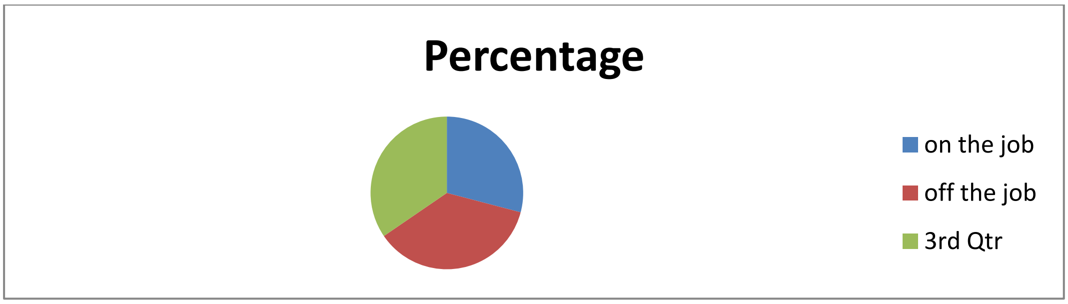


Interpretation:

100% respondents were in favour that training helps to improve the relationship of employers and employees.

7. What kind of training method do you prefer?

Option	Percentage
On the job	29.09
Off the job	36.36
Both	34.55

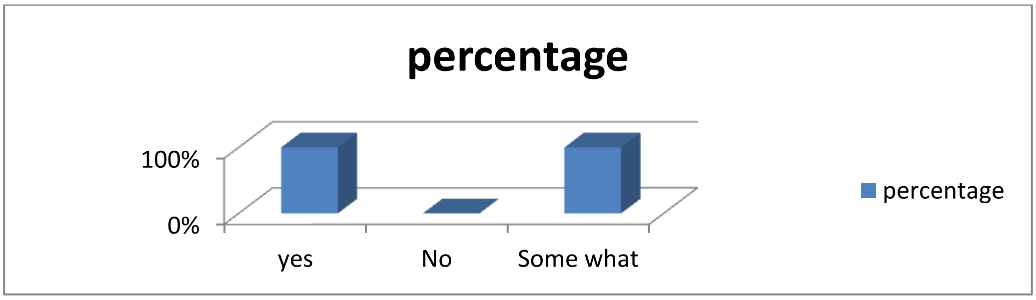


Interpretation:

29.09% respondent employees prefer on the job training where 36.36% respondent prefers off the job training and others prefer both .

8. Are you actively involved in learning during the training process?

Option	Percentage
Yes	**63.63**
No	**-**
Some what	**36.37**

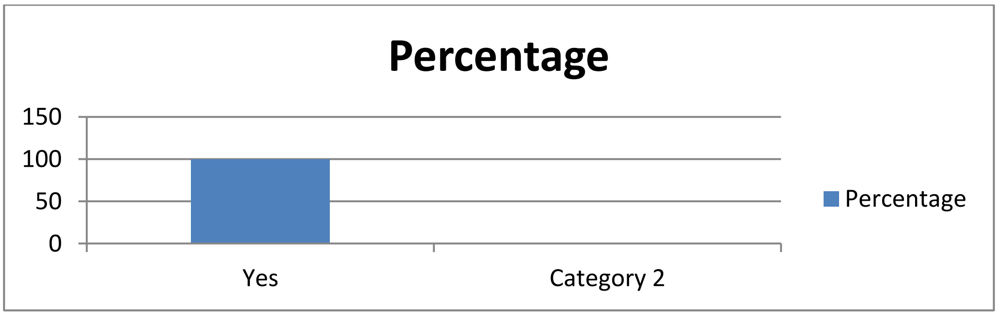


Interpretation:

63.63% respondent are actively and 36.37% respondent were somewhat involved in learning during the training process.

9. Does training and development activities helps the organization to maintain employees retention rate?

Options	Percentage
Yes	**100**
No	**-**

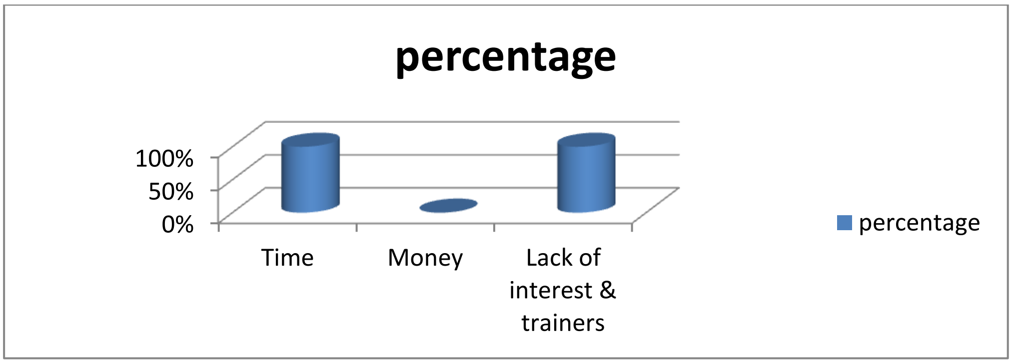


Interpretation:

100% respondent were in favour training and development activities helps the organization to maintain employees retention rate.

10. Which barrier you noticed in your organization when training is imparted?

Option	Percentage
Time	72.72
Money	-
Lack of interest and trainers	37.28



Interpretation:

72.72% respondent were told that time barrier were noticed and 37.28% respondent told us that lack of interest and trainers were noticed as a barrier.

Conclusion

Based on the results of the study , it became clear that training and development strategy was a haphazardly carried out activity at Speciality Restaurant . Although the respondents were aware of the various aspects of training and development, there was no strategic framework in place as the basis for an operational plan for the training and development strategy even though all respondents indicated that training and development was part of the strategic business plan process of Speciality Restaurant Ltd.

100% respondents were in favour that company organizes training and development program for the development of their employees.

There should be focus on off the job training method, so that the complaint regarding extra work burden due to the on the job training method can be overcome. Proper and planned training schedule should be followed. Training and Development has positive effect on Organisational performance. On the job training is very effective and it also saves time and cost. It became clear from respondent that the major organizational issue constraining training and development at Speciality restaurant Ltd, was lack of time given for the training and development programmes. Therefore, Speciality restaurant in its attempt to enhance employee performance, motivation, retention , and morale competition must endeavour to ensure effective training and development strategies across all departments .

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(Appendix)

Questionnaire

This questionnaire seeks to collect data on the topic: **role of training and development programme on employee's performance.**

Please tick the appropriate answer :

Name: Age: Gender:

Mobile: Name of Organisation: Designation:

(1) Is your Organization considers training as a part of Organizational strategy?

(a)Strongly agree (b) Agree (c) Disagree.

(2) How many training programmes would you attend in a year?

(a) Zero (b) More than 5 (c)More than 10.

(3) Does the training method focus on developing team work and leadership skills?

(a) Yes (b) No (c) Do not know.

(4) Does training and development programmes helps to increase the motivation level of employees ?

(a) Yes (b) No

(5) Does trained employees are more productive than untrained employees?

(a) Yes (b) No

(6) Does training helps to improve the relationship of employers and employees?

(a) Yes (b) No

(7) What kind of training method do you prefer?

(a) On the job training (b) Off the job training (c) Both

(8)Are you actively involved in learning during the training process?

(a)Yes (b) No (c) Some what

(9) Does training and development activities helps the organization to maintain employees retention rate?

(a) Yes (b) No

(10) Which barrier you noticed in your organization when training is imparted?

(a) Time (b) Money (c)Lack of interest & trainers

A COMPARITIVE STUDY OF E-BANKING PERFORMANCE WITH SPECIAL REFERENCE TO SBI AND ICICI BANK

Monika Kaushik* Dr. Minakshi Gupta**

ABSTRACT

E-Banking provides comprehensive electronic fund transfer and payment solutions that enable thousands of Citizens, Financial Institutions and hundreds of businesses the convenience of receiving and transferring their funds online. It's fast, easy and puts us in complete control. E-banking facilitates an effective payment and accounting system thereby enhancing the speed and delivery of banking services considerably while e-banking has improved banks efficiency and convenience, it has also posed several new challenges. This study aims at comparison of the performance of Government and private banks for which we choose SBI as a government bank and ICICI bank as a private bank. There are some bases which we take for the comparison like transfer of funds, saving of time, bill payment, and security of transactions and viewing account statements etc... In the past it has been studied that "Customer satisfaction through information technology in commercial banks' highlighted that, customers are satisfied with banking services to some extent and the bankers should try to improve their services at an affordable cost with the help of information technology.. The objectives of the study are to evaluate the concept of e-banking and importance to bank as well customers and we try to measure it through SWOT analysis of Internet Banking. We use questionnaire as a method of data collection. This study pertains to analysis electronic banking in general and electronic banking in India in particular.

Introduction

In banking industry, E-services are at revolutionary stage. Electronic based banking is replacing conventional banking system. Now, trend in banking has evolved from cash economy to plastic card economy. Fierce competition among banks along with the global forces has compelled the banks to adopt the technological changes to face the electronic age. It is also known as E-banking or internet banking or online banking which provides various alternative electronic channels to using banking services i.e. internet banking, mobile banking, ATM services, electronic fund transfer, credit card, debit card, and electronic clearing services etc.

Among these services, ATM is the main channel of distribution to be explored due to the increase in its popularity.

This study aims at analyzing the satisfaction levels of the customers of SBI and ICICI bank of India This study is a type of descriptive research using non probability sampling technique. Questionnaire was used to collect the data from a convenience sample of 40 respondents (customers) of the selected bank.

Review of Literature

Nyangosiet al. (2013) collected customers' opinions regarding the importance of e-Banking and the adoption levels of different e-Banking technologies in India and Kenya. The study highlighted the trends of e-banking indicators in both countries. The overall result indicates that customers in both countries have developed a positive attitude and they give much importance to the emergence of e-banking.

Mishra (2012) in his paper explained the advantages and the security concerns about internet banking. According to him, improved customer access, offering of more services, increased customer loyalty, attracting new customers are the primary drivers of internet banking. But in a survey conducted by the online banking association, member institutions rated security as the most important concern of online banking.

Scope and Importance of Study

Traditional banking services are likely to vanish in the years to come as e-banking services reaches out to doorstep of many masses. The range of e-banking services is likely to increase in the future. Some banks plan to introduce electronic money and electronic checks. Electronic money can be stored in computers or smart cards and consumers can use the electronic money to purchase small value items over the Internet. Electronic checks will look similar to paper checks, but they can be sent from buyers to sellers over the Internet, electronically endorsed by the seller, and forwarded to the seller's bank for electronic collection from the buyer's bank. Further, banks seek to offer their customers more products and services such as insurance, mortgage, financial planning, and brokerage. This will not only deliver more value to the customers but also help banks to grow business and revenues

Objectives of the Research Study

To achieve the main objective and to give direction to the Project work the following objective are proposed to be undertaken:-

- To evaluate the concept of Internet Banking and importance to bank as well customers

- To examine the various aspects of net banking

- To measure swot analysis of Internet Banking

- To measure various solutions for drawbacks in net banking.

- To suggest measures to improve the E-Banking

Research Methodology Research Design:

The present study emphasizes on comparative study on the satisfaction of E-banking services with reference to SBI and ICICI banks. Therefore, the research work has been accompanied by the combination of descriptive and analytical research design.

Research instrument:

The research instruments have been used in the questionnaire so as to elicit the information. The questionnaire had been modified to meet the actual demand of the research work. The researcher has used open and close ended questions in most of the places across the research work which may be taken as research instrument for the present study.

Research Variables:

The researcher has divided the entire variables into two parts such as dependent variables and independent variables. Dependent variables are named as income level of the customers, and age whereas safety reliability, transaction efficiency, customer support, service quality and performance between SBI and ICICI banks are taken as independent variables.

Sample size:

The sample size of the present study has stood at 100. Of which, 50 customers were interviewed in State bank of India and another 50 customers were interviewed in Industrial Credit Investment Bank of India.

Sample Area:

The researcher conducted his research work in two banks as mentioned above such State Bank of India (SBI) and Industrial Credit Investment Corporation of India (ICICI). The researcher held in discussion with the customers only after getting consent from the respective bankers.

Sampling Type:

Multi stage sampling has been deployed in the study since it highlights the customer satisfaction on e-banking services of two banks in Chennai city.

Sources of data:

As far as this study is concerned, the researcher has collected the data by two sources such as primary source and secondary source. Primary data have collected from the respondents through well-structured questionnaire whereas secondary data have been collected through magazines, websites, books, and articles etc.

Statistical tools:

The art of writing the article rests on the principle of using the effective statistical tools in the research work. The present study carries a statistical tools namely Chi Square.

Data Analysis and Results Discussion

Table 1,Chi – Square test for satisfaction level toward e-banking services between SBI and ICICI banks and income status of customer.

Satisfaction level towards e-banking services		Incomes				*Total*
		10000-20000	*21000-30000*	*31000-40000*	*Above 40000*	
SBI	*Yes*	*5*	*11*	*6*	*8*	*30*
	No	*3*	*6*	*3*	*8*	*20*
ICICI	*Yes*	*8*	*12*	*5*	*2*	*27*
	No	*3*	*4*	*4*	*12*	*23*
Total		*19*	*33*	*18*	30	*100*

Source: Primary Data

From the above table, it is inferred that satisfaction level towards e-banking services between SBI and ICICI banks and income status of customers are tested under chi-square test at 5% level of significance. Both customers of SBI and ICICI have expressed their views towards e-banking services depending on their income.

<u>Chi-Square</u>

To determine whether there is any association between satisfaction level towards e-banking services and income level**.**

<u>Null Hypothesis</u>

There is no significant association between satisfaction level towards e-banking services and income level.

<u>Alternate hypothesis</u>

There is a significant association between satisfaction level towards e-banking services and income level.

Chi–Square	Value	Df	Significance

Chi-Square (SBI)	7.682	3	.52
Chi-Square (ICICI)	7.987	3	.046

Source: Primary Data

In the above table, since the significance value of chi-square is more than 0.05 the null hypothesis is accepted i.e. there is no significant association between satisfaction level towards e-banking services and income level in State Bank of India. Null hypothesis is rejected and it is concluded that there is significant association between satisfaction level towards e-banking services and income level in ICICI bank.

Suggestions and Conclusion

- From the table analysis, the researcher has inferred his suggestions so as to bridge gap between e-banking services of two banks such as SBI and ICICI. Satisfaction level of customers towards e-banking services between two banks is to be strengthened in various aspects. Half of the customers have expressed their satisfaction towards e-banking services remaining half expressed their dissatisfaction over the e-banking services. Therefore, many issues related to e-banking services between both the banks remain not addressed such as server down, lack of e-banking facilities in villages. Performance, transaction efficiency is not up to the mark etc.
- Service quality in SBI bank differs from that of ICICI. Therefore, service qualities between both the banks are to be enhanced to create long way relationship between customer and banker.
- Customer support is a great boon to all most all the customers. Some banks have it on own while some other do not have. So, the head offices of both banks have to monitor how far customer support is extended. If there is any gap in this regard, immediate effects are being taken in to consideration to set right it.

Some suggestions are left with this study to eradicate ill effects of e-banking services of SBI and ICICI banks. As was recorded our views somewhere in the beginning part, E-banking services will revolutionize across the world. Therefore, the bankers have to increase the quality of service of E-banking in the subsequent period to ensure that services to be offered by them in fact satisfy all the customers. Adding to this, banker should hold discussion with customers at frequent intervals to reveal their feedback and take necessary action to set the customer feedback right. Above all, customer satisfaction towards e-banking services between both the banks SBI and

ICICI are good. In spite, some aspects are to be addressed well in advance to draw due attention of the customers in future.

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Women Empowerment in India: Role of Higher Education

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Introduction

Entrepreneurship is the method to improve the knowledge Income and personality of any person . Higher education support to sharpen Entrepreneur women entrepreneurship added of value in the economic structure of business. In this Study very simple approach is used to show importance of women and education for women with new technology structural obstacles are educational choice for women, which reduce the possibility in venture or business. Data analysis is done through tables. Now a day's various obstacles are faced by women entrepreneurs such as in rural areas there are scarcity of facilities like training programmes, lack of entrepreneurship environment and lack of follow-up. In urban area also besides a good education facilities concepts are not clean and fund problem is still exists.

Objective

- Importance of higher education in the mental growth of women.
- How it in improve the personality of a women.
- Problem face by women to get the education.

Literature Review

1) Rupalisharma, Zia Afroz (2014), Women Empowerment Through Higher Education International Journal of Interdisciplinary and multidisciplinary Studies (IJIMS), India.

   This research paper helps in understanding that there is a great need of empowering India women through higher education, providing higher education doesn't mean providing women literacy but also making them educated to know their rights and duties.

2) Dr. SuchiLoomba (2010), Role of Microfinance in Women Empowerment in India.
   Microfinance plays a vital role in empowering women financially in India thereby maintaining long- term economic growth.

3) Tiyas Biswas (2002), Women Empowerment Through Micro Finance: A Boon for Development.
   Micro finance is an answer to the question where both empowerment and sustainability aims may be accommodated. Microfinance solves the problem of inadequate housing and urban services as the main part of poverty alleviation programmers.

Research Methodology

This study is theoretical in this paper investigates the obstacles in the path of women empowerment , as well as to find the role of education for women in India. Data collection same is secondary as per the need of study.

Women Empowerment Concept: Women empowerment refers the ability to manage risk and status of economy. When women have the agency to do what they want a higher equality between men and women is established. Higher education gives intelligence to manage all the things. Government organization and individuals have caught hold of the hire microfinance because the think that lending money to women for business will improve the society as well as the nation because women is the 50% of the population.

India and Higher Education: India has literacy rate in year 2011 was 74.04% of women and in year 2015 it grow to 90.2% saw are thought of to be more useful to support family and have are educated females are pulled to help out on agriculture farms at home as they are increasingly replacing the males on such activities which require no formal education few are then 2% of girls are engaged in agriculture wake and attended their school.

Higher Education and Women Empowerment: PRATIBHA DEVSINGH PATIL was born on 19th December 1934 was an Indian politician who served as the 12th President of India from

2007-1012 and previously served as governor of Rajasthan from 2003-2007. She was awarded a master degree in political science and economics. She also have interest in social issues faced by Indian women.

KALPANA CHAWLA was born on 17th march 1962 was an Indian American Astronaut. She was flown on space shuttle Columbia in 1997 as a mission specialist and primary robotic arm operator. She moved to the United States in 1982. Where she obtained the Master of Science degree aerospace emerging in 1984.

SANIA NEHWAL was born 17th march 1990 is a professional badminton signals players from India. She maintained her world ranking in top 10 since 2009. She won over 20 International Titles. She has achieved several milestone in badminton for India. She completed her first few years of schooling at campus school CCS HAU Hisar. She did her 12th from st. Ann's college Hyderabad.

PRIYANKA CHOPRA was born 18thjuly 1982 is an Indian Actors, Singers, film producer, philanthropist winner of Mis world 2000. Received numerous award she owned by govt. of India with Padma Shri. She initially aspired to study aeronautical engerring after it she joins Indian film industry she has worked with UNICEF for the last 10 year and was appointed as the national and global UNICEF goodwill ambassador for child rights in 2010 and 2016 respectively. She had enrolled in college and she win miss world pageant.

Obstacles for The Education Of Female

1. **Development of immorality-**Girls is fed less than the boys. Poverty and culture factors must surely influence the extended of female deprivation. With the equal education , women contribution to economic development is comparable to men's than reducing gender imbalances in education will enhance women's capacity. The economic benefits from womens education are return to education than the boys return the gender gape is calculated in this respect.

2. **Suitable curriculum for education of girls-** only 15% of colleges for general education are exclusively for girls as against their enrollment proportion of 30%. There is still a great necessity of establishing separate institutions for girls because quite a large no. of girls prefer to study in separate institution made for girls.
3. **Lack of Social Consciousness among women-**The Position of women was inferior and they supposed to be play think of men and decoration of drawing room. They are no longer but suition are changes now they are not a slave of men. In early age women were forced to live under the influence of parents before marriage where as under the influence of husband after marriage because of these reason women cannot develop their ideas freely.
4. **Scarcity of lady teacher-** lack of lady teacher is causing a serious hurdle in imparting quqlity education to the girl child. The ministry of human resource development should draw in collaboration with states a specific action plan for additional recruitment of female teachers. It observe that when education coincide with adolescence , various personal social and emotional problems are created due to demands of adjustment in family or school situation. Female teacher is necessary for the counseling and to guide girls students.
5. **Lack of proper physical facilities-**Sanitation is a key problems for girls. Many of the school do not have usable toilet facility for girls student 47% school in the country still do not have separate toilets for girls. Toilets are highly inadequate in schools and are definitely one of the reasons for dropping out.
6. **Unwillingness of lady teacher to serve in rural areas-** In rural areas there is no transport facility well and roads are also not good due to lack of several facilities like cooperation of people with lady teacher food facility, toilet facility, lady teacher not able to work in rural areas because a female has physical problem so she feel difficulty in the travel.
7. **Financial difficulties-** In many parts of developing country financial problem is facing by the people. If there is no enough food or sufficiently clean water to keep girls nourished and healthy they may not be well enough to attend school. The cost of uniform text book or bus fair can be too much to bear for a family living in poverty, parents choose to keep their girls at home and send the boys to school in states.
8. **Problem of transport-** Lack of transport facilities particular in rural areas for girls to their institute which are sufficiently far away from their destination is one of the major reasons. Dropout of girls after completing lower primary education.

9. **Problem of co-education-** Female cannot discuss their problems in front of boysoperely some girls much hesitate due to talking with boys and sitting with boys also sometime teacher gives much priority to boys and girls thinks that they have problem us question to male teacher. If some boys say any think wrong to the girl or give them argue but a girl cannot be reply because of the fear of other eye who are still present on them, this is real a big factor.

Rank	**India/State/Union Territory**	**Literacy Rate (%) - 2011 Census**	**Male Literacy Rate (%) - 2011 Census**[2]	**Female Literacy Rate (%) - 2011 Census**[2]	**Literacy Rate (%) - 2001 Census**	**Decadal Difference (%)**
	India	**74.04**	**82.14**	**65.46**	**64.83**	**9.21**
1	Kerala	93.91	96.02	91.98	90.86	3.05
2	Lakshadweep	92.28	96.11	88.25	86.66	5.62
3	Mizoram	91.58	93.72	89.40	88.80	2.78
4	Tripura	87.75[a]	92.18	83.15	73.19	14.56
5	Goa	87.40	92.81	81.84	82.01	5.39
6	Daman & Diu	87.07	91.48	79.59	78.18	8.89
7	Pondicherry	86.55	92.12	81.22	81.24	5.31

Rank	India/State/Union Territory	Literacy Rate (%) - 2011 Census	Male Literacy Rate (%) - 2011 Census[2]	Female Literacy Rate (%) - 2011 Census[2]	Literacy Rate (%) - 2001 Census	Decadal Difference (%)
8	Chandigarh	86.43	90.54	81.38	81.94	4.49
9	Delhi	86.34	91.03	80.93	81.67	4.67
10	Andaman & Nicobar	86.27	90.11	81.84	81.30	4.97
11	Himachal Pradesh	83.78	90.83	76.60	76.48	7.30
12	Maharashtra	82.91	89.82	75.48	76.88	6.03
13	Sikkim	82.20	87.29	76.43	68.81	13.39
14	Tamil Nadu	80.33	86.81	73.86	73.45	6.88
15	Nagaland	80.11	83.29	76.89	66.59	13.52
16	Manipur	79.85	86.49	73.17	69.93	9.92
17	Uttarakhand	79.63	88.33	70.70	71.62	8.01
18	Gujarat	79.31	87.23	70.73	69.14	10.17

Rank	India/State/Union Territory	Literacy Rate (%) - 2011 Census	Male Literacy Rate (%) - 2011 Census[2]	Female Literacy Rate (%) - 2011 Census[2]	Literacy Rate (%) - 2001 Census	Decadal Difference (%)
19	Dadra & Nagar Haveli	77.65	86.46	65.93	57.63	20.02
20	West Bengal	77.08	82.67	71.16	68.64	8.44
21	Punjab	76.68	81.48	71.34	69.65	7.03
22	Haryana	76.64	85.38	66.77	67.91	8.73
23	Karnataka	75.60	82.85	68.13	66.64	8.96
24	Meghalaya	75.48	77.17	73.78	62.56	12.92
25	Odisha	73.45	82.40	64.36	63.08	10.37
26	Assam	73.18	78.81	67.27	63.25	9.93
27	Chhattisgarh	71.04	81.45	60.59	64.66	6.38
28	Madhya Pradesh	70.63	80.53	60.02	63.74	6.89
29	Uttar Pradesh	69.72	79.24	59.26	56.27	13.45

Rank	India/State/Union Territory	Literacy Rate (%) - 2011 Census	Male Literacy Rate (%) - 2011 Census[2]	Female Literacy Rate (%) - 2011 Census[2]	Literacy Rate (%) - 2001 Census	Decadal Difference (%)
30	Jammu & Kashmir	68.74	78.26	58.01	55.52	13.22
31	Jharkhand	67.63	78.45	56.21	53.56	14.07
32	Andhra Pradesh	67.4[b]	75.56	59.74	--	--
33	Rajasthan	67.06	80.51	52.66	60.41	6.65
34	Arunachal Pradesh	66.95	73.69	59.57	54.34	12.61
35	Telangana	66.5[c]	--	--	--	--
36	Bihar	63.82	73.39	53.33	47.00	16.82

Conclusion and Finding

In respect of India as state wise literacy rate has been present as per data Kerala had 90.86 literacy rate in 001 but increase up to 93.91 in 2011, Lakshadweep literacy rate 86.66 in 2001 but in 2011 it was 92.28, Mizoram increased its literacy rate by 2.78, Tripura increased 14.56, goa increased by 5.39, daman and din increased by 8.89, Pondicherry increased by 5.31, Chandigarh increased by 4.49, Delhi increased by 4.67, Andaman and nicobar increased by

4.97, himachal Pradesh increased by 7.30, Maharashtra increased by 6.03, Sikkim increased by 13.39, tamilnadu increased by 13.52, Manipur increased by 13.52, Manipur increased by 8.01, Gujarat increased by 10.17, dadra and nagarhaveli increased by 20.02 , west Bengal increased by 7.03, Haryana increased by 8.73, Karnataka increased by 8.96, Meghalaya increased by 12.92, Odisha increased by 10.37, Assam increased by 9.93, Chhattisgarh increased by 6.38, Madhya Pradesh increased by 6.89, uttar Pradesh increased by 13.45, jammu and Kashmir increased by 13.22, Jharkhand increased by 14.07, Rajasthan increased by 6.65, arunachal Pradesh increased by 12.61, Bihar increased by 16.82. we can see that every state increased its literacy rate by some of the obstacles was exist for the education of girls/ female. Data present that in every state male literacy rate was more than the female. Reason were- development of immorality, suitable curriculum for education of girls, lack of social consciousness among women, scarcity of lady teacher, lack of proper physical facilities, unwillingness of lady teacher to serve in rural areas, financial difficulties, problem of transport, problem of co-education. Government running so many educational programmers / schemes for girls but it is not enough .society should understand the value of girls and education for girls because girls can improve economical growth of the country by their efforts.

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Investigating the Outcome of PradhanMantri Jan Dhanyojana (Pmjdy) on Economic Well Beings of the People with Special Reference of Madhya Pradesh

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Abstract

Pradhanmantri Jan DhanYojna (PMJDY) is a national wide scheme launched by Indian Government in August 28, 2014. The main aim of this scheme is to provide all the citizens of India – especially the poor masses – a bank account, credit facility, insurance cover and debit card. The aim of this scheme is highlighted by its slogan "MeraKhata – BhagyaVidhaata". In the long run, the scheme will also allow the poorer sections to avail themselves of subsidies and overdraft facilities through their bank accounts, which are intended to eliminate money-lenders, commission agents and corruption (Jan DhanYojana - An Era of Financial Inclusion Begins. (2015, May 09)). This research paper focus on the objectives of to check awareness about the scheme, also to verify the facts with ground reality of this scheme. This research is descriptive in nature therefore a close ended questionnaire has been framed to check the accomplishment of the objectives. A sample of 25 households will be selected random however the actual sample size would be 100 individuals residence of Madhya Pradesh belongs to the rural or semi urban area. The source of the data is primary but the secondary data is also used in this research to get insight about PradhanMantri Jan DhanYojana (PMJDY). The survey will be done in June 2016, just about 22 months after the launch of PMJDY in August 2014. The data will be analyzed with the help of MS excel, SPSS. The findings of the study reflect that majority of respondents aware about the scheme only few of *them not aware and friends and relatives was the primary source of information. The study also proves that the scheme will help them to come out from poverty however they are not getting enough support from the banks*

Introduction

According to SreelathaGuntupalli (2016) PMJDY or PradhanMantri Jan DhanYojana is a nationwide scheme launched by Indian government in August 2014 and its core lies at the development philosophy of *Sab KaSath Sab KaVikas.* The basic objective of "PradhanMantriJan-DhanYojana (PMJDY)" is ensuring access to various financial services like availability of basic savings bank account, access to need based credit, remittances facility, insurance and pension to the excluded sections i.e. weaker sections & low income groups. This deep penetration at affordable cost is possible only with effective use of technology. Under the scheme, all 6, 00,000 villages will be mapped to the service area of each bank and at least one fixed point banking outlet will cater to every 1000 to 1500 households, known as “sub service area” or SSA. The SSA’s are then serviced through a combination of bank branches and fixed point business correspondents or bank mitrs.In order to reduce the degree of “financial untouchability”, and achieve the mega financial inclusion plan with the objective of covering all households in the country with banking facilities along with inbuilt insurance coverage, the “PradhanMantri Jan-DhanYojana” has been flagged off by the Government which, if effectively implemented, shall accelerate growth, fight poverty effectively and financially empower each individual of Indian economy. PMJDY is a National Mission on Financial Inclusion encompassing an integrated approach to bring about comprehensive financial inclusion of all the households in the country. The plan envisages universal access to banking facilities with at least one basic bank account for every household, a strong financial literacy drive, access to credit, insurance and pension facility. In addition, the beneficiaries would get RuPay Debit card having inbuilt accident insurance cover of Rs.100000/-. The plan also envisages channeling all Government benefits (from Centre / State / Local Body) to the bank accounts of the beneficiaries and pushing the Direct Benefits Transfer (DBT) scheme of the Union Government. According to the data submitted by banks total 27.77 cr accounts have been opened out of which 16.72 cr account opened in rural areas and total 21.59 cr rupay cards have been issued and total balance in accounts 64720.94 cr however 24.86% accounts reported zero balance (Table1)

Table 1Pradhan Mantri Jan-DhanYojana

(Account opened as on 22.02.2017)

(All figures in Crores)

Bank Name	**Rural**	**Urban**	**Total**	**No of Rupay cards**	**Aadhar seeded**	**Balance in account**	**% of zero balance account**
Public Sector Bank	12.18	10.04	22.22	17.32	13.99	51003.87	25.32
Regional Rural Bank	4.00	0.65	4.65	3.44	2.50	11462.12	20.81
Private Banks	0.54	0.36	0.90	0.83	0.40	2254.95	34.60
Total	16.72	11.05	27.77	21.59	16.89	64720.94	24.86

Account opening status before PMJDY scheme launched

Table 2 Bank Account before PMJDY

Alliance	Term	Average Number of new Deposit Accounts added per year (in thousands)	Average Number of new Credit Accounts added per year (in thousands)
NDA- 1	1998-2004	9521	2134
UPA- 1 & UPA-2	2004-2013	58795	6190

(Kaloji, S. (2016, April 30). Bank Accounts opened in India: Comparing UPA vs NDA-1. Retrieved March 21, 2017, from https://factly.in/bank-accounts-opened-comparision-upa-vs-nda-1/)

It states from the table 2 that before launching PMJDY schemes, For all scheduled commercial banks, an average of 95 lakh new deposit accounts were added per year during the NDA-1 regime while an average of 5.87 crore new deposit accounts were added per year during the UPA regime. In other words, the average number of new deposit accounts added per year during the UPA regime is 6 times the average number of new deposit accounts added per year during the NDA-1. Similar trend is seen in new credit accounts as well. For all scheduled commercial banks, an average of 21 lakh new credit accounts were added per year during the NDA-1 regime while an average of 61 lakh new credit accounts were added per year during the UPA regime. In other words, the average number of new credit accounts

added per year during the UPA regime is 3 times more than the average number of new credit accounts added per year during the NDA-1(Kaloji, S. (2016, April 30). So we can say that the bank account opening status was very poor in country before launching PMJDY hence only 76640 thousand (7.67 crore) people was having bank account during (1998-2013).

Pradhan Mantri Jan Dhan Yojna (PMJDY) in Madhya Pradesh

Table 3 PMJDY Bank account status in Madhya Pradesh

State Name	Rural Accounts	Urban Accounts	Total Accounts	Deposit (in Crore)	Aadhaar seeded	Zero Balance Accounts	Rupay Card Issued
MADHYA PRADESH	11971682	12738071	24709753	3039.14	16079806	7519886	17787180

From the table 3 we can say that in Madhya Pradesh alone total account opened was 2.47 crore (Approx) and total rupay card issue was 1.77 crore (Approx) which is less than the account opened. Out of 2.47 crore account opened under this scheme 75 lacs (Approx) have zero balance which accounts almost 31% which is more than the total account having zero balance and this is a matter of concern for the government.

Literature Review

According to Arundati Bhattacharya, Chairman SBI, choosing a cost effective model for financial inclusion will require banks to significantly free up human resources, apart from using a banking correspondent model. With increase in financial inclusion and digitalization of banking, requirement of cash in the economy will reduce thereby helping in controlling unaccounted money in the economy.

According to Sinha (2013) urban co-operative banks have the potential to complete the objectives of financial inclusion. His study thrusts to make financial inclusion a successful business model, banks have to focus on lowering the cost of transactions by leveraging technology and offering more products of credit to the already included population.

United Nations (2006), in its blue book titled “Building Inclusive Financial Sectors for Development”, defines financial inclusion as the “access to the range of financial services at a reasonable cost for the bankable people and farms”. Basic financial services include savings, short and long-term credit, leasing and factoring, mortgages, insurance, pensions, payments, local money transfers and international remittances.

The first basic pillar of the PMJDY is to provide access to banking facilities and services to ensure financial inclusion of hitherto neglected segment of the society. All the more than 6 lakh villages in the country are to be organized into Sub Service Areas and allocate to banks. Banks are required to provide one fixed point banking outlet as a either branch or Business Correspondent (known as 'Bank Mitra') to cater services to 1000 to 1500 households. Besides, Mobile Telephone services would be effectively utilized to deepen financial inclusion.

Total households in India are 24.67 crore out of which 14,48 crore households have access to banking services. About 13.14 crore rural households are allotted to PSBs and RRBs out of which 7.22 crore households have been provided banking services till March 2014. These banks have to achieve the target of opening of 7.5 crore new bank accounts, comprising 6 crore rural and 1.5 crore urban uncovered households, by March 2015. The target may not be achieved in difficult area where connectivity constraints are existed. To achieve this target, camp approach, modern technology, e-KYC, Aadhar numbers and call centre's, etc, will be efficiently used. Accounts of SHGs and Joint Liability Groups will also be opened. The National Payments Corporation of India recently launched Indigenous debit card called as RuPay Debit Card which is India's own card system. Further, the Kisan Credit Card is also to be provided with the RuPay Card. This card covers an accidental insurance benefit of Rs. 1 lakh and life insurance of Rs. 30,000.

Objectives Of The Research

1. To check awareness about PMJDY, its benefits and also terms and condition under the scheme
2. To assess the progress made under the PMJDY.
3. To study the implications of the scheme
4. To explore the PMJDY implementation in rural areas, w.r.t. Madhya Pradesh

Research Methodology To Be Used

For the purpose of this study, 6 villages (Badagaon, Sirol, Duhiya, Mohanpur, Bilara, and Ekhara) under Morar region, district Gwalior, will be selected. Amongst from six villages 25 households will be selected random the actual sample size would be 100 individuals. The source of the data is primary and the tool used is a questionnaire. The secondary data used in this research to get insight about PradhanMantri Jan DhanYojana (PMJDY). Primary data will be collected through close ended questionnaire. The survey will be done in June 2016, just about 22 months after the launch of PMJDY in August 2014. The main purpose of the survey was to identify the awareness of the PMJDY scheme amongst the people of Morar Tehsil, District Gwalior. Result will be analyzed and interpreted through chart, Graphs and tables.

Data Analysis

Q1. Are you aware about Pradhan Mantri Jan Dhan Yojna (PMJDY)?

Yes	No
85	15

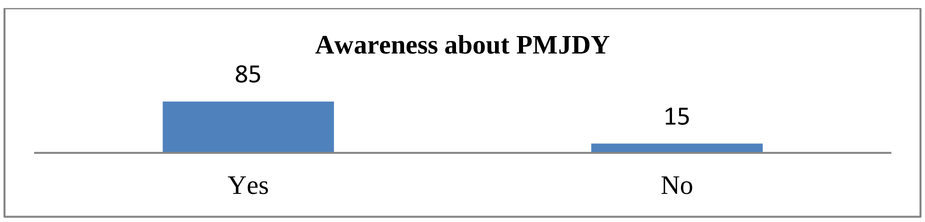

Figure 1 Awareness about PMJDY

It is observed from the figure 1 that out of 100 respondents 85 people were aware about this scheme only 15 people not aware about the scheme (PMJDY) so we can say that the majority of respondents were aware about this scheme. Since 85 respondents were aware about this scheme so further responses only from 85 respondents.

Q2. How did you come to know about Pradhan Mantri Jan Dhan Yojna (PMJDY)?

A) Friends and relatives	55
B) Media advertisement	10

C) Bank/Financial Institution	10
D) Any other (Please Specify)…….	0

The second question asked to respondents about the medium by which respondents were aware, around 75% (Figure 2) people said that they communicated through their friends and relatives about this scheme. Only 12% communicated through media advertising and banks and financial Institutional.

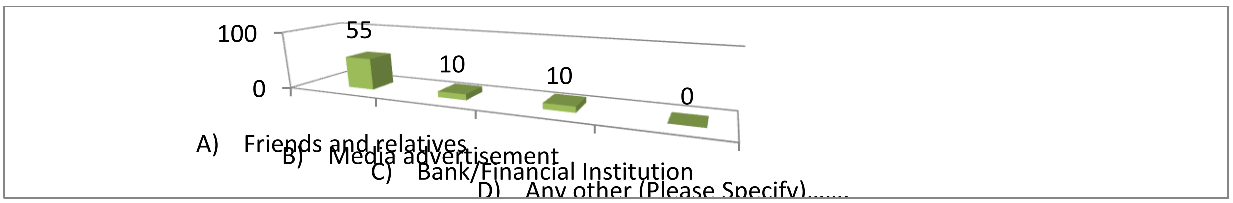

Figure 3 Communication medium for PMJDY

Q3. Have you opened bank account under the scheme of Pradhan Mantri Jan Dhan Yojna PMJDY?

A) Yes	75
B) No	10

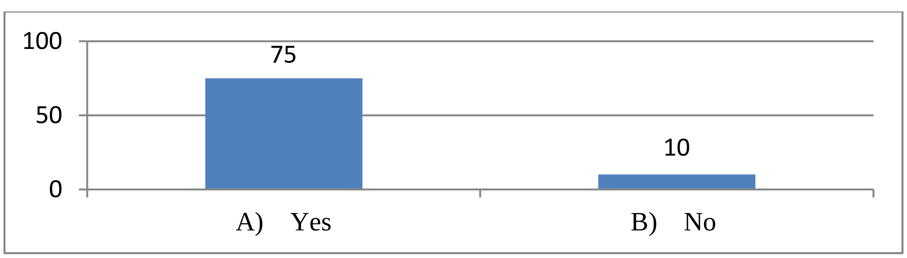

Figure 4Bank account opened under PMJDY?

So those aware about this scheme 88% (Figure 5) people have opened the account under this scheme which is very good only 12% people not opened the account under this scheme.

Q4. Were all the benefit adequately and timely provided to you?

A) Yes	36
B) No	49

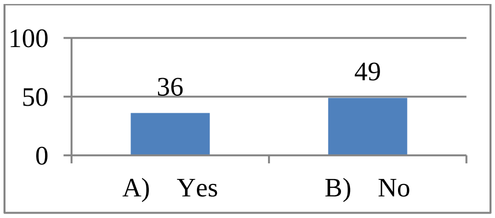

Figure 4 Timely Benefits from PMJDY?

it is observed from the figure 4 that only 36 out of 85 respondents timely getting all the benefits which is been mentioned in this scheme that comprises around 42%, still 58% respondents said that they are not getting regular benefits of this scheme.

Q5. Which, according to you the benefits of greatest utility to the customer opening an account under this scheme?

A) Saving facility	12
B) Overdraft facility	12
C) Life Insurance facility	5
D) Accidental insurance facility	24
E) Credit facility	32
F) Any other ………	

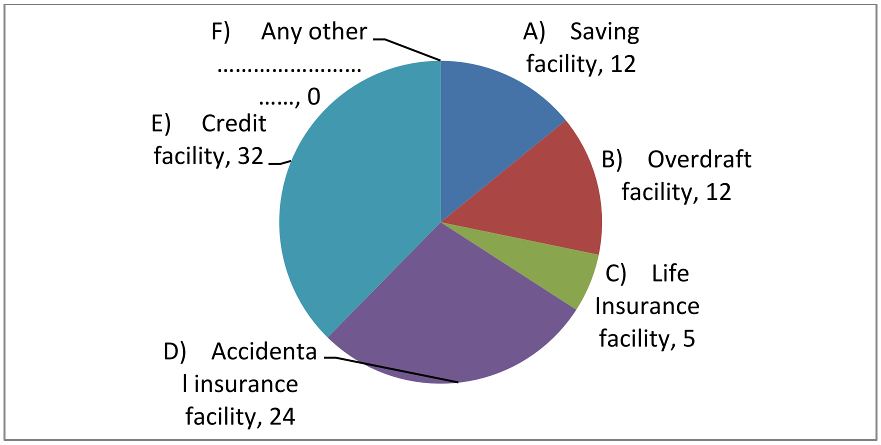

Figure 5 Benefits of greatest utility

From the figure 5 it is observed that majority of respondents 32 out of 85 (38%) like the credit benefits given in this scheme, 24 out of 85 (28%) like the accidental insurance facility and 14% each like saving facility and overdraft facility respectively. So we can say that majority of respondents appreciate this scheme due to credit facility available under this scheme and accidental insurance benefits under this scheme.

A relationship between Perceived benefits of PMJDY and its role in improving the standard of living of Poor people

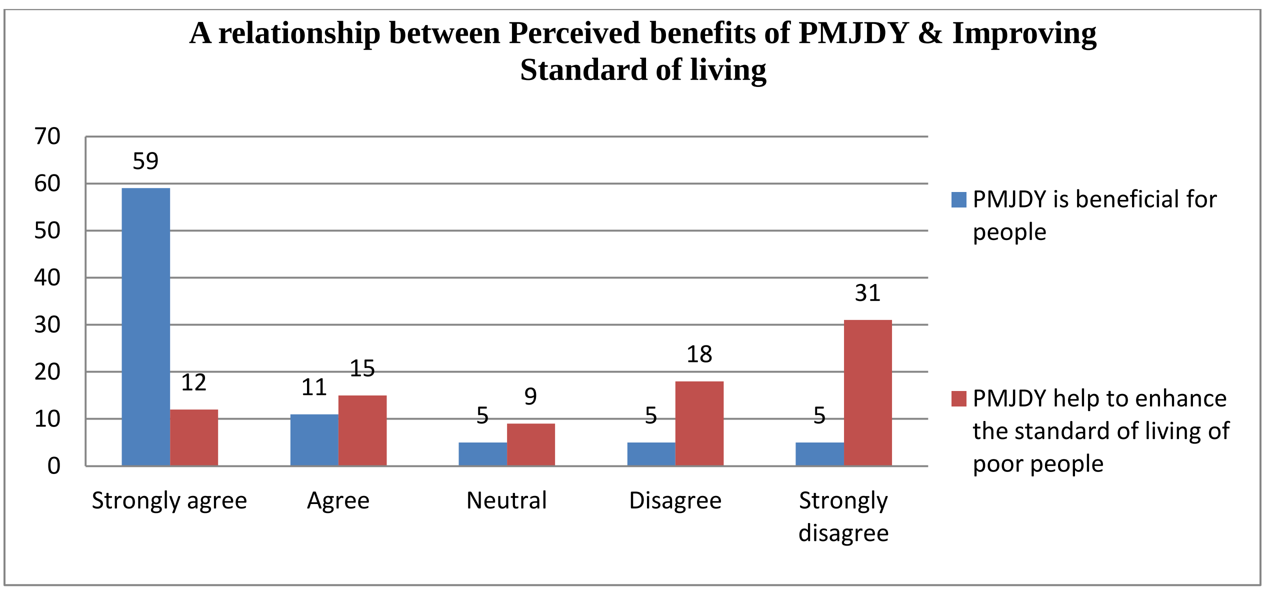

Figure 6 A relationships between Perceived benefits of PMJDY and its role in improving the standard of living of Poor people

PMJDY is beneficial for poor people majority of respondents are strongly agree (As shown in figure 6) but they are not agree with that this scheme will help to improve the standard of living of people. 70 out of 85 respondents agree that this scheme is beneficial for the poor people but same is not agree with the point that it help to improve standard of living of people (only 20 out of 85 is agree and 49 out of 85 is disagree)

Relationship between Banking staff assistance, Non discretionary approach and Improving Financial literacy

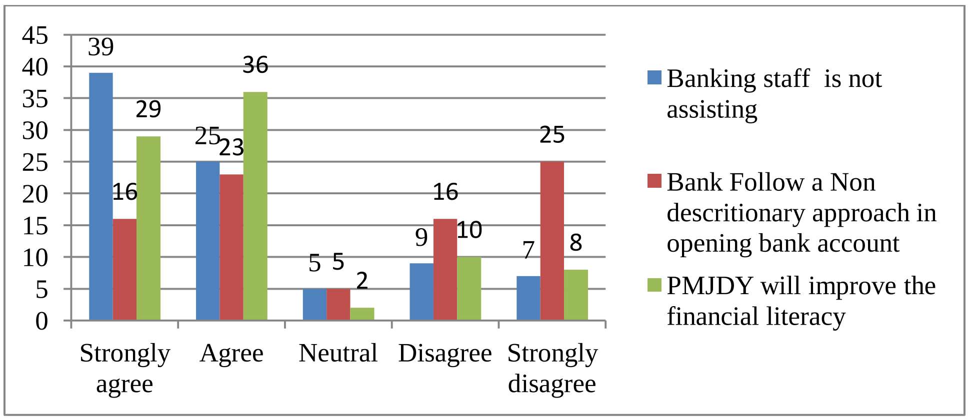

Figure 7 A relationships between Banking staff assistance, Non discretionary approach and Improving Financial literacy

From the figure 7 it is observed that majority of respondents said that the banking staff is not assisting them properly about this scheme (64 out of 85 agree with this point), 39 out of 85 (46%) said that banks follow non discretionary approach to open new bank account under this scheme and 59 out of 85 (70%) said that this scheme will improve financial literacy among the poor section of the society.

Relationships among Solving Financial need, Solve the problem of financial inclusion, Important for human welfare and important for country's social development

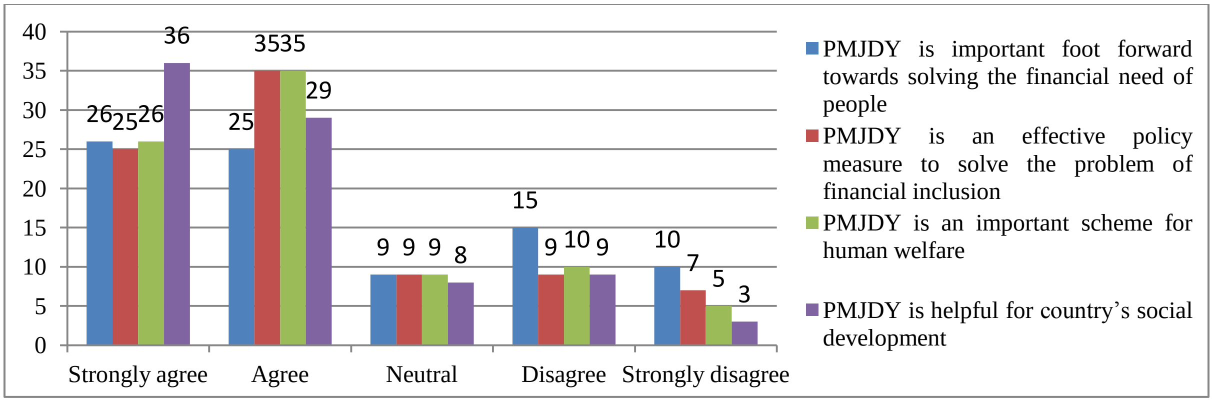

Figure 8 A relationships among Solving Financial need, Solve the problem of financial inclusion, Important for human welfare and important for country's social development

PMJDY is one of the important schemes which solve the financial need of the poor people of the country (Figure 8) as out of 85 respondents 51 said that the scheme is important foot forward towards solving the financial need of poor section of the society. This scheme is also helpful to achieve the objective of financial inclusion; the data is favoring this argument because out of 85 respondents 61 respondents agreed on this point. This scheme is also beneficial for human welfare point of view as most of the respondents are agreeing with this argument (61 out of 85). Respondents also said that this scheme will helps country in social development since 65 out of 85 respondents are agreeing on this point.

Suggestions & Recommendations

On the basis of data analyses following points are suggested & recommended:

1. Since this scheme is very popular among the poor people still 15% respondents are unaware so there is a need to create more awareness about this scheme also the banks should be instructed to create awareness in their clusters through continuous education programs on this schemes as well as other financial literacy issues
2. Still many people have not opened the bank account under this scheme so government should plan some incentives to those who have not opened their account under this scheme. So that everyone specially those resides in micro village areas have their account in bank under this scheme

3. Although respondents have very positive outlook towards this scheme but the bank employees cooperation will be required to attain the objective of financial inclusion. Employees should understand their role and educate people about this schemes and benefits under this scheme. The benefits associated with this scheme should also transfer in these accounts timely.
4. 30% people still think that this scheme would not enough towards solving financial problems of poor people as their day to day needs are not fulfilled by this scheme so they should motivate towards other schemes as well from where their benefits directly transferred in the account.

Conclusion

The main purpose of this study is to get insight about what people think about Pradhan Mantri Jan Dhan Yojna (PMJDY)? Whether this scheme helps them to eradicate poverty or to make them financial literate or to improve their standard of living? The study was conducted n a very small part of Madhya Pradesh; Gwalior where maximum population staying in villages and they have strong need of that type of scheme. Six villages chosen to collect data through close ended questionnaire which was in Hindi so that people easily understand it. The result of this study reflects that the majority of rural population is aware about that scheme and the awareness through peer communication. People have perceived this scheme is very good which help people to improve their life style as well as making them more financial literate. The study also explains that bank employees are not cooperative and not telling about the benefits associated with this scheme. There is need to focus on banking practices in regards to that type of schemes so that a poor man gets all the benefits from these scheme.

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India in the Phase of Demonetization

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Abstract

Demonetization is the act of stripping a currency unit of its status as legal tender. It happens whenever there is an alteration of national currency in which the current form of money is drag from circulation and go off, often to be replaced with new notes or coins. Sometimes, the old currency entirely replaces with new currency. In this study, with the help of simple theoretical tools the implications of the latest "Demonetization" exercise in India are analyzed. It reached on conclusion with the help of available data like other studies and articles. We took this study as an opportunity to find out the situation arises in the phase of demonetization.

Keywords*: Demonetization, Black Money.*

Conceptual Framework

In the second last month of 2016, a major economic decision was taken by the Indian Government, which was Demonetization. It was an immense announcement made by our honorable Prime Minister Mr. Narendra Modi, which affect the Indian Economy and Indian citizens a lot. All ₹ 500 and ₹ 1000 bank notes of the Mahatma Gandhi Series ceased to be legal tender in India from 9 November 2016.

The government claimed that the demonetization was an effort to stop counterfeiting of the current banknotes allegedly used for funding terrorism, as well as a crack down on black money in the country. The move was described as an effort to reduce corruption, controlling black money, fake currency circulation and terror financing. In other words, it was a step for anti money laundering.

However, in the days following the demonetization, banks and ATMs across the country faced severe cash shortages. Also, following Modi's announcement, the BSE SENSEX and NIFTY 50 stock indices crashed for the next two days. The term demonetization has become much more than a household name since the old Rs 500 and Rs 1,000 notes were pulled out of circulation. While as per dictionary demonetization means "ending something (e.g. gold or silver) that is no longer the legal tender of a country", one needs to understand that there is much more than the literal meaning to the word. One need to understand that 80% of India's labour force is employed in the informal sector, which comprise of 45% of the GDP of our country. Over 60% of population of India lives in below the international poverty threshold line of 1.9$ per day. Since our economy is an under banked economy, present demonetization move, would no doubt cause a severe social experiment, across the segment of our population.

History & Brief Introduction of Demonetization in India

India has a long-standing relationship with demonetization. On January 16, 1978, Rs 1,000, Rs 5,000 and Rs 10,000 currency notes were scrapped through an ordinance, impacting 0.6 percent of the total currency in circulation at the time. Before that, India had experienced demonetization of high-value currency in January, 1946. In Jan 1978 episode, currency worth INR 1.46 bn (1.7% of total notes in circulation was demonetized. Of this INR 1.0 bn (or 68%) was tendered back. In 1978 the value of demonetization was very small (only 0.1% of GDP). However, the 2016 demonetization effort covers 86% of the total currency in circulation (11% of GDP).

On both occasions, it impacted only a miniscule segment of the society and economy. Because the salary of an entry-level government officer in 1978 was well below Rs 1,000

Rs 100 was the highest denomination in circulation until October 1987, when Rs 500 notes were re-introduced, followed by the re-introduction of Rs 1,000 notes in November 2000. However, until 2000-01, the share of high value notes (i.e notes with value greater than Rs 500) was only 26.7 percent of the total currency in circulation.

In India, up until now the highest denomination note was Rs 1,000 and this was 1,000 times the smallest denomination note of Re 1 (Note: Re 1 notes are issued by the ministry of finance).

Conceptual Background

Demonetization

Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency: The current form or forms of money is pulled from circulation and retired, often to be replaced with new notes or coins. Sometimes, a country completely replaces the old currency with new currency.

The need of Demonetization arises due to following reasons:

- The fake Indian currency notes in higher denomination have increased.
- Unaccounted money, often used in any form of corruption and illegal activities.
- The Financial Action Task Force, a global body that looks at the criminal use of the international financial system, notes that high-value bills are used in money laundering schemes, racketeering, etc.

Black Money

Black money is money which is earned through any illegal activity controlled by country regulations. Black money proceeds are usually received in cash from underground economic activities and on which tax is not paid. Recipients of black money must hide it, spend it only in the underground economy, or attempt to give it the appearance of legitimacy through money laundering. Possible sources of black money include drug trafficking, weapons trading, terrorism, prostitution, selling counterfeit or stolen goods and selling pirated versions of copyrighted items such as software and musical recordings.

Literature Review

Arpit Guru and Shruti Kahanijow (2010) analyzed the “Black Money Income - Need for amendment in DTAA & ITEA” and analyzed that black money is spread everywhere in India up to a large extent which continuously stashed towards abroad in a very large amount. The researcher also identified how black money had caused nuisance in our economy and in what ways it is used.

Sukanta Sarkar (2010) conducted a study on the parallel economy in India: Causes, impacts & government initiatives in which the researcher focused on the existence of causes and impacts of black money in India. According to the study, the main reason behind the generation of black money is the Indian Political System i.e. Indian govt. just focused on making committees rather than to implement it .The study concludes that laws should be implemented properly to control black money in our economy.

Tax Research Team (2016) in their Research Paper stated the findings in favour of demonetization. Its main objective is to analyze the impact of demonetization on Indian economy. This paper shows the impact of such a move on the availability of credit, spending, level of activity and government finances.

Objectives of the Study:

- To describe the Demonetization concept.
- To analyze the Demonetization phase in India.

Research Methodology:

The study is based on secondary sources. The data has been collected from other research studies and articles. Conceptual and theoretical method has been used to analyze the data.

Impact of Demonetization on Indian Economy:

So, what is the immediate impact of the current demonetization on the people and economy? To be precise: Unsettling. One can see long queues before banks and ATM machines. Workers in the unorganized sector, petty shopkeepers and small businesses are finding it difficult to cope.

There is a visible tendency to hoard available legal tender in denominations of Rs 100 and below as emergency funds. In the absence of government statistics, if one relies on news reports, there seems to be some dip in immediate consumption expenditure. Given the scale of demonetization, this was anticipated. The move was expected to create temporary problems as acknowledged by the prime minister himself.

However, minor inconveniences apart, what will be the macro-economic impact? Demonetization will reduce money supply in the economy. A cursory look at the Reserve bank of India's data on money supply as on 11th of November shows that M3 (i.e., Broad Money) has shrunk by Rs 38,300 crore on a fortnightly basis and currency available with the public has shrunk by Rs 1.75 lakh crore, while demand deposits and time-deposits have increased.

Reduction in money supply resulted as falling in consumer spending, investment spending and net exports, leaving aside government spending. It is likely to translate into a decline in nominal GDP in the immediate term. RBI has increased the Cash Reserve Ratio (CRR)—the share of total deposits that commercial banks have to hold as reserves either in cash or as deposits with the central bank—to 100 percent on additional deposits. Hence, hopes of a reduction in interest rates have already been diminished with short-term negative impacts on bank profitability. The unorganized sector, which forms a major part of the Indian economy, is likely to take a transitory hit as this sector operates mainly on a cash basis.

While there will be an immediate dip in demand and negative short-term impacts on the economy coupled with hardships for citizens, demonetization, as a policy measure, certainly has large-scale positive effects. This move is likely to improve tax compliance, given that the Goods and Services Tax (GST) is also on its way to become reality.

Government would now have increased funds available for capital spending owing to higher tax collection. Moreover, the availability of funds would reduce the need for the government to borrow from the market, thus making available more credit for the private sector. The RBI may also be in a position to give a one-time bonanza to the government on account of untendered currency.

The better fiscal position might also allow the government to reduce income tax rates, which would subsequently lead to higher disposable incomes with tax payers. All this would aid the consumption-multiplier effect.

As with any policy decision, this move too will have multiple direct as well as indirect effects. The biggest positive certainly seems to be the eradication of some stocked and staked up money, perhaps earned through illegitimate means or tax evasion.

The key here is patience. When 86 per cent of a country's legal tender becomes illegal, it is but expected that finding 'a new level of equilibrium' would require time. If the smaller short-term risks, especially those emanating from the demand side are addressed carefully, if we undertake a holistic net cost benefit analysis, the expected results seem to be promising.

The following likely impacts on the economy will be observed if a substantial portion of the cash is either reported or is consumed in the economy.

Tax: Having closed the voluntary disclosure window for undisclosed money, it has been reported that government will keep a close watch on deposits over Rs 2 lakh in cash. This would mean increased tax net, higher tax collection and a better tax to GDP ratio. Philips Capital in a report says that the extent of parallel economy, which was 23.2% of GDP, is now around 25-30% of GDP. As the money gets accounted and more taxes are collected, government might be tempted to reduce tax rates going forward.

Interest Rates: One of the biggest impacts of demonetization would be high value transactions, especially land and gold. This would result in lower inflation, tempting the central bank to reduce interest rates. But the bigger impact on interest rates will be the liquidity with which banks will be flushed. CLSA's points out that banks would benefit with higher CASA (current account savings account) growth as a part of the $ 190 billion cash pile gets deposited with them. Higher deposit growth and continuing weak credit growth would create opportunities for lending rate cuts and investment activities to pick-up.

Liquidity: Movement of goods and money will be hit in the short. A Bank of America Merrill Lynch note says that wholesale channel forms over 40% of the sales for the Indian consumer firms. This channel works mainly on cash transactions and will likely witness liquidity constraints in the near term. This could disrupt the supply chain and impact growth in the December quarter. The report further adds that consumer firms typically provide tight credit terms (<7 days) to the distributors, who in turn provide credit to the wholesalers/ outlets on their own accounts. Due to overall tightening of the cash-liquidity in the supply chain, consumer firms may be forced to offer easier credit terms to the distributors in the near term. As a result we expect an increase in their receivables in the December quarter.

GST: Demonetization comes at an important as the country heads to a new tax regime with the implementation of GST. Demonetization would increase the tax net and along with GST result in reduction of black money generation. Along with GST, demonetization will lead to a higher tax/GDP ratio, says CLSA.

Effect on Demand: The overall demand is expected to be affected to an extent. Sectors like Consumer goods, Real estate and property, Gold and luxury goods and Automobiles (only to a certain limit), all these mentioned sectors are expected to face certain moderation in demand from the consumer side because significant amount of cash transactions involved in these sectors.

Effect on Prices: The Price level is expected to be lowered due to moderation from demand side. This demand driven fall in prices could be understood as follows:

Consumer goods: Prices are expected to fall only marginally due to moderation in demand as use of cards and cheques would compensate for some purchases.

Real Estate and Property: Prices in this sector are largely expected to fall, especially for sales of properties where major part of the transaction is cash based, rather than based on banks transfer or cheque transactions. In the medium term, however the prices in this sector could regain some levels as developers rebalance their prices (probably charging more on cheque payment). The Indian real estate market which is largely fragmented and unorganized has had a reputation of being a safe haven for black money and therefore we expect to see impact on the sector. The impact is likely to be seen in secondary markets thereby making real estate more "illiquid" for a period of time till the market adjusts to a new normal. It will not have any impact on the primary residential segment as the buyers in this sector are driven by mortgage. The impact will be felt in the secondary market and the unorganized developers' community where there were still cash dealing. Prices coming down to more reasonable levels in the housing market cannot be ruled out. In the immediate future, the sector will be under serious pressure with volume and number of transactions in residential and land markets seeing a substantial downward trend.

Effect on Various Economic Entities: With cash transaction lowering in the short run, until the new notes are spread widely into circulation, certain sections of the society could face short term disruptions in facilitation of their transactions. These sections are: Agriculture and related sector like Small traders, SMEs, Services Sector, Households, Political Parties, Professionals like doctor, carpenter, utility service providers, etc.

Effect on GDP: The GDP formation could be impacted by this measure, with reduction in the consumption demand. However with the recent rise in festival demand is expected to offset this fall in overall impact. Moreover, this expected impact on GDP may not be significant as some of this demand will only be deferred and re-enter the stream once the cash situation becomes normal.

Effect on Banks: As directed by the Government, the 500 and 1000 Rupee notes which now cease to be legal tender are to be deposited or exchanged in banks (subject to certain limits). This will automatically lead to more amounts being deposited in Savings and Current Account of commercial banks. This in turn will enhance the liquidity position of the banks, which can be utilized further for lending purposes. However, to the extent that households have held on to these funds for emergency purposes, there would be withdrawals at the second stage.

Effect on Online Transactions and alternative modes of payment: With cash transactions facing a reduction, alternative forms of payment will see a surge in demand. Digital transaction systems, E wallets and apps, online transactions using E banking, usage of Plastic money (Debit and Credit Cards), etc. will definitely see substantial increase in demand. This should eventually lead to strengthening of such systems and the infrastructure required.

Findings:

Although the effect of demonetization perhaps did not cause the economic hurricane that some analysts expected, we believe the slight puff of headwind that the economy has faced up till now won't be all of it. Ultimately, the negative effects are dependent on the period of time before liquidity in the economy has returned to pre-demonetization levels. The gap between former and current levels is still substantial and we believe the negative effects on the Indian economy might reveal themselves in upcoming revisions of GDP or when more reliable informal sector data is released next year. As for now, we will stick to our forecast and expect the Indian economy to grow by 5.5% in FY2016/2017 and 8.2% in FY2017/2018. The pick-up in growth later this year is due to important reforms that Modi has been able to implement, such as the Goods and Service Tax (GST), which brings uniformity in India's complicated and inefficient tax scheme and reduces the cascading effect in the old system. The implementation is most likely due in July 2017, and will result in lower prices of goods and services, as well higher investment and tax revenues.

Conclusion:

With this so-called demonetization plan, 86% of the currency in circulation was replaced and this resulted in a huge monetary squeeze. The plan was an attempt by the government to wash the stock of counterfeit money out of the economy, which has allegedly been used to fund criminal activities, such as terrorism and drug trafficking. In addition, the scheme aimed to draw a large part of the black economy into the banked and taxable part of the economy (overall tax revenue to GDP is a meagre 11%). The demonetization plan could be beneficial for India in future, as it will lift government revenues due to a broader tax base and less tax evasion. In addition, the operation will foster the use of bank accounts and digital payments, making the Indian economy less cash-dependent and improve efficiency and productivity. Demonetization though it has created some positive and some negative impacts on different sectors but in long run it definitely will have positive impact in controlling black money and fake money.

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Green Banking: An Environmental Initiative by Financial Sector

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Abstract:

Green banking refers to the banking business conducted in such areas and in such a manner that helps the overall reduction of external carbon emission and internal carbon footprint. To aid the reduction of external carbon emission, banks should finance green technology and pollution reducing projects. We took this study as an opportunity to explore the concept of green banking with the help of some theoretical method and tools.

Keywords*:* *Green Banking, Green Marketing.*

Introduction:

Environmentalism is a broad philosophy and social movement regarding concerns for environmental conservation and improvement of the state of the environment. Environmentalism and environmental concerns are often represented by the color ‘Green’. Global Warming is a major issue that calls for a global response. The warming effect of certain man-made gas emission such as carbon-dioxide, methane, nitrous oxide and hydrofluoric carbon is found responsible for distortion in climate changes. The rapid change in climate will probably be too great to allow many eco systems to suitably adapt, since the changes have direct impact on bio diversity, agriculture, forestry, dry land, water resources and human health. However, there is general lack of adequate awareness on the above issues and hence there is urgent need to promote certain urgent measures for sustainable development and corporate social responsibility.

Green Banking is any form of banking from that the country and nation gets environmentally benefits. An orthodox bank becomes a green bank by directing its core operations toward the betterment of environment. The banking sector can play an intermediary role between economic development and environment protection by promoting environmentally sustainable and socially responsible investment.

There are two ways of green banking practices. One is in-house green banking; another is practice by the bankers in their business area. Creating clean and hygienic banking environment, green building, reforestation, online banking, waste management, installation of solar panel on the rooftop of the bank and using high mileage vehicles, reducing sound pollution, using webcam for video conferencing instead of physical meetings, online statements, emailing documents are included in the in-house Green Banking.

Financing the green projects like Bio-gas Plant, Solar/Renewable Energy Plant, Bio-fertilizer Plant, Effluent Treatment Plant (ETP), Projects having ETP etc, working on specific green projects, voluntary activities of banks are major practices by the bankers in their business areas. Green banking undertakes proactive measures to protect environment and to address climate change challenges while financing along with efficient use of renewable, non-renewable, human and natural resources.

Origin:

The concept of green banking was developed in the western countries. Green Banking was formally started in 2003 with a view to protecting the environment. Then the Equator Principles (EPs) were launched and were initially adopted by some leading global banks, such as Citigroup Inc, The Royal Bank of Scotland, Westpac Banking Corporation. In March 2009, Congressman Chris Van Hollen of USA introduced a Green Bank Act with the aim of establishing a green bank under the ownership of the US government. After introduce the Green Banking initial decision was to minimize the paper use in banking works because to make all kinds of papers need to cutting trees as raw materials (its minimize the green forestation) and for this reason naturally its reduce the Oxygen and increase the carbon-dioxide in globe.

The First Green Bank was established by Mr. LaRoein 2009 with an environmental and social mission in the state of Florida, United States. Mr. LaRoe is the largest shareholder, CEO and Chairman. The company is known for its focus on environmentally friendly banking practices.

The Bank staffed with employees who have attained the LEED accredited professional designation, meaning they understand green building practices and provides incentives to consumers purchasing high efficiency vehicles like hybrid automobiles. In May 2012, the First Green Bank also became the first financial institution in the eastern United States to be granted membership in the Global Alliance for Banking on Values (GABV).

The impulse of ‘Going Green’ is running faster than blood in Indian Incorporations veins. From IT giants to luxurious hotels, from Automobiles to Aviations, from Mutual Funds to Banks corporate India is moving fanatically ahead with green initiatives.

As a responsible financial organization of the country, banks have to play their crucial role in financing the economic and developmental activities of the country, in such a manner which will enhance the ‘Go Green’ perspective.

Conceptual Background:

Green Banking

Green banking is like normal banking, which considers all the social and environmental/ecological factors with an aim to protect the environment and conserve natural resources. It is also called as an ethical bank or a sustainable bank. They are controlled by the same authorities but with an additional agenda toward taking care of the Earth's environment/habitats/resources. For banking professionals green banking involves the doctrine of sustainability, ethical lending, conservation and energy efficiency.

Green Marketing

Green marketing is the marketing of environmentally friendly products and services. It refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in itself or produced in an environmentally friendly way, including:

- Being manufactured in a sustainable fashion
- Not containing toxic materials or ozone-depleting substances
- Able to be recycled and/or is produced from recycled materials

- Being made from renewable materials (such as bamboo, etc.)
- Not making use of excessive packaging
- Being designed to be repairable and not "throwaway".

Green marketing is typically practiced by companies that are committed to sustainable development and corporate social responsibility. More organizations are making an effort to implement sustainable business practices as they recognize that in doing so they can make their products more attractive to consumers and also reduce expenses, including packaging, transportation, energy/water usage, etc. Businesses are increasingly discovering that demonstrating a high level of social responsibility can increase brand loyalty among socially conscious consumers.

Understanding towards Green Marketing

- Grocers that advertise organic produce. The organic food industry has grown in leaps and bounds as consumers express an increased preference for non- genetically modified foods that are free of pesticides.
- Restaurants that promote "locally sourced" meats, vegetables, fish, wines, etc. Local sourcing is attractive to consumers as it projects an image of sustainability and willingness to invest in the community.
- Toyota's marketing of the Prius hybrid. (The Prius outsells all other hybrid vehicles, mostly because its unique styling reflects the typical owner's passion for sustainability.)

Literature Review

Jeucken (2001) compared 3 world regions Europe, North America and Oceania for the period 1998-2000 and analyzed some important differences between regions, countries and banks with regard to sustainable banking. The results showed that a defensive position towards the environmental issue is adopted by 53% of the banks and many of banks are unaware of the role that they can play for sustainable development.

Goyal & Joshi (2011) in their study “A study of Social and Ethical issues in Banking Industry “highlighted social and ethical issues such as social Banking, ethical Banking, green Banking and rural banking which facilitate the achievement of sustainable development of banking and finance. They concluded that banks can act as a socially and ethically oriented organization by disbursement of loan only to those organizations which have environmental concerns.

Weber and Remer (2011) described Social Banking as a way of value-driven banking that has a positive social and ecological impact at its heart, as well as its own economic sustainability. These banks attract the interest of clients looking for safe and sensible ways to deposit their money and the conventional banks also embark on the potential of a more socially oriented approach towards banking.

Bahl, Sarita (2012) conducted an empirical study on “Green Banking – The new strategicimperative” tried to find out the most significant strategies while going ahead with green banking by using Garrett’s ranking technique. Researcher found that Carbon footprint reduction by Green building had been given top priority in green banking strategies and green banking financial products has also been given due weightage. However, Paper less banking and using mass transportation system has been rated low as green banking strategies.

Chaurasia (2014) in his paper “Green Banking practices in Indian Banks” highlighted the benefits, confronting challenges, strategic aspects of green banking and status of Indian banks regarding green Banking adoption. He found that there has not been much initiative in this regard by the banks in India. Investigator suggested that bank should go green and play a proactive role to take ecological aspects as part of their lending principle, which would force industries.

Jha & Bhome (2013) in their paper entitled A Study of Green Banking Trends in India studied the green banking initiatives taken by the public sector bank in India and the way of go green by green banking. The main objective of the paper is to know green banking sector and checks the awareness of employees, associates and the public about the green banking concept. Further the study suggested that interest on loan should be less for green project then normal rate of interest and companies can increase their profitability by recycling of waste generated. They should stress upon green mortgage loan, green credit card and online banking.

Singhal, Singhal & Arya (June 2014)in their paper entitled Green Banking: An Overview studied, how bank can go greener. According to study banking industries and financial institution plays a very important role in the growth of an earth. Green banking saves the energy and environment both. Now a day's many bank offering green product like ATM, Green credit cards, green CDs, electronic fund transfer, use of solar and wind energy etc. but still it's not completed. We have to make more efforts so we can save environment and green banking is one of the best way to start this.

Khedekar (2014) in her research entitled Banking with Technology- Green Banking studied the various technology used by the banking industries to make the environment green. According to study bank should provide basic +premium internet banking product such as opening bank account, Demat holding, standing instruction, investment etc. This Study suggests that bank should conduct seminar and conference to educate the public regarding the uses of internet banking as well as security issue. She suggests "Virtual Banking" where customer can't deal in cash to those branches which are far from the main branch.

Sreesha ch (2014) in his paper entitled A Study of Green Banking Initiatives of Selected Private and Public Sector Banks in India, in her paper entitled banking with technology green banking the various models or channels of green banking which are taken by the banking sector in the banking activities. This study also focuses on environment sustainability concept adopted by various private and public sector banks in India. According to the study, bank is not taking interest in green banking completely. Public sector banks are more interested in green banking as compare to private sector bank. For maintaining sustainability, bank should expand the use of environmental information in the banking operation, lending and investment decision. This will help them to improve environment sustainability and create long term value for the business.

Sahitya & Lalwani (2014) made an attempt to understand and appreciate the importance of green banking initiative for the attainment of goal of sustainable banking and determine the various attempt that have been made by the top public and private sector bank in India. The study has revealed that the banking sector has become extremely conscious of the need of go green. Both public and private sector bank are involved in this process. It can be possible by the paperless banking like ATM, mobile and internet banking. The adoption of green banking not only enhances the image of green banking but also contribute in the sustainable growth of economy.

Ragupathi M & Sujatha S (2015)in their paper entitled Green Banking Initiatives of Commercial Banks in India, studied the way to go green through green banking. According to this paper, earlier bank was not aware about the concept green banking. But now a day's banks are playing very important role in environment sustainability program. By the green banking practice people is getting more aware about the global warming and each business man's contributing in environment sustainability to make this earth a better place to live in. Green banking is not only greening the industries but it will also facilitate in improving the assets quality of the bank in future.

Objectives of the Study:

- To study concept of 'Green Banking'.
- To identify the steps necessary to adopt Green Banking
- To open new vistas for further research in Green Banking concept.

Research Methodology

This study reviews the literature on the basis of secondary data collected from research papers and articles.

Green Banking Forms

Green Banks give more weight age to environmental factors rather than normal banking system, their aim is to provide good environmental and social business practice, they check all the factors before lending a loan, whether the project is environmental friendly and has any implications in the future, you will awarded a loan only when you follow all the environmental safety standards. Defining green banking is relatively easy. Green Banking means promoting environmental friendly practices and reducing your carbon footprint from your banking activities. This comes in many forms:

1. Using online banking instead of branch banking.

2. Paying bills online instead of mailing them.

3. Opening up accounts at online banks, instead of large multi-branch banks

4. Finding the local bank in your area that is taking the biggest steps to support local green initiatives.

Green banking can benefit the environment either by reducing the carbon footprint of consumers or banks. Either a bank or a consumer can conserve paper and benefit the environment. Ideally, a green banking initiative will involve both. Online banking is an example of this. When a bank's customer goes online, the environmental benefits work both ways. Green banking means combining operational improvements and technology, and changing client habits.

To aid the reduction of external carbon emission, banks should finance green technology and pollution reducing projects. Although, banking is never considered a polluting industry, the present scale of banking operations have considerably increased the carbon footprint of banks due to their massive use of energy (e.g., lighting, air conditioning, electronic/electrical equipments, IT, etc), high paper wastage, lack of green buildings, etc. Therefore, banks should adopt technology, process and products which result in substantial reduction of their carbon footprint as well as develop a sustainable business.

Green Banking Products

(1) Green loans

(2) Green credit cards

(3) Green CDs

(4) Online banking

(5) Green saving accounts

(6) Mobile banking

Thus green banking helps to create effective solutions of a range of environmental problems and at the same time identify opportunities that benefit the customers.

Steps in Green Banking

From the empirical study, it is found that following are some of the steps that can be taken for going green in banking:

1. Go Online: Online banking is the developing concept in young and corporate India. Online banking helps in additional conservation of energy and natural resources. Online Banking includes: (a) Paying bills online, (b) Remote deposit, (c) Online fund transfers and (d) Online statements. It creates savings from less paper, less energy, and less expenditure of natural resources from banking activities. Customers can save money be avoiding late payments of fees and save time by avoiding standing to queues and paying the bill from home online.

2. Use Green Checking Accounts: Customers can check their accounts on ATM or special touch screens in the banks. This can be called as green checking of account. Using a green checking account helps the environment by utilizing more online banking services including online bill payment, debit cards, and online statements. Banks should promote green checking by giving some incentives to customers by giving higher rate of interests, waiver or discount in fees etc.

3. Use Green Loans for Home Improvements: The Ministry of Non-renewable Resource in association with some nationalized and scheduled banks undertook an initiative to go green by paying low interest loans to the customers who would like to buy solar equipments. The rate of interest is as low as 4% p.a. Before you undertake a major home improvement project, study if the project can be done in an eco-friendly manner and if you might qualify for a green loan from a bank Green loan are perfect for energy-saving project around the house. The new Green Home Loan Scheme from SBI, for instance, will support environmentally friendly residential projects and offer various concessions. These loans will be sanctioned for projects rated by the Indian Green Building Council (IGBC) and offer several financial benefits a 5% concession in margin, 0.25% concession in interest rate and processing fee waiver.

4. Use Green Credit Cards: Some of the banks introduced Green Credit Card. The benefit of using a green credit card is that banks will donate funds to an environment-friendly non-profit organization from every rupee you spend on your credit card to a worthwhile cause of environment protection.

5. Save Paper: Bank should purchase recycled paper products with the highest post-consumer waste content possible. This includes monthly statements, brochures, ATM receipts, annual reports, newsletters, copy paper, envelopes etc. Whenever available, vegetable-based inks are used instead of less environmentally friendly oil-based inks.

6. Use of Solar and Wind Energy: Using solar and wind energy is one of the noble cause for going green. State Bank of India (SBI) has become the first bank in the country to venture into generation of green power by installing windmills for captive use. As part of its green banking initiative, SBI has installed 10 windmills with an aggregate capacity of 15 MW in the states of Tamil Nadu, Maharashtra and Gujarat.

7. Mobile Banking: Mobile banking is tricky. On the one hand, it is great to have the ability to check balances, transfer funds or pay bills from you phone. One the other hand, it saves time and energy of the customers. It also helps in reducing use of energy and paper of the bank. Most of the Indian banks introduced this paper-less facility.

8. Power Savings Equipments: Banks can directly contribute to controlling climate change and as an initial step they intend to start a campaign to replace all fused GSL bulbs, in all Abhinav owned premises offices and residential. Banks can also make a feasibility study to make rain water harvesting mandatory in all the Bank's owned premises. In December 2009 Indusind Bank inaugurated Mumbai's first solar-powered ATM as part of its 'Green Office Project' campaign titled 'Hum aur Hariyali'.

Findings:

Green Banking as a concept is a proactive and smart way of thinking with a vision for future integrity. Green banking practices will be useful not only for environment but also lead to cost reductions

in banking activities. Banks can adopt the SMART (Specific, Measurable, Attainable, Realistic, and Timely) green goals as the internal targets to reduce carbon footprint along with timelines. Banks can introduce green funds for customers who would like to invest in environment-friendly projects.

As far as Green Banking in India is concerned, the banking and financial institutions are running behind the schedules compared to global trends. After reviewing the previous research studies it was analyzed that commercial banks in India except YES Bank are mainly inclined toward green initiatives such as net banking, mobile banking which are needed by the bank to match with the competitors. Whereas YES Bank is taking various initiatives such as creating environmental awareness among society, giving more preference to environmentally friendly commercial projects, promoting the pollution control measures, promoting Environment Management System certification etc. along with the basic green initiatives such as paperless banking, energy efficient products recycling, etc.

Conclusion

Green Banking integrates management of environment with banking activities and aims at reducing carbon footprints. Green Banking is a key issue concerning the development of the nation. With globalization and increasing competition moving towards the green wave provides competitive advantage. For India there is a huge opportunity available which can be exploit by which the goal of economic development can be achieved. The banking and financial sector should be made to work for sustainable development. Green banks are at start-up mode in India. Even though they have started adopting green practices, but still a lot of channels are unutilized by the Indian banks for greening their activities. Overall it can be said that Green Banking is an amazing initiative by the financial sector to achieve the economic growth in eco-friendly perspective.

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Prediction of Future Trends with the Help of Technical Analysis

Akshay Kothari

Abstract

"Technical analysis is the study of market action, primarily through the use of charts, for the purpose of forecasting future price trends."A method of evaluating securities by relying on the assumption that market data, such as charts of price, volume, and open interest, can help predict future market trends. The practice of using statistics to determine trends in security prices and make or recommend investment decisions based on those trends. Technical analysis does not attempt to determine the intrinsic value of securities, but instead focuses on matters such as trade volume, demand, and volatility. Technical analysis assumes that market psychology influences trading in a way that enables predicting when a stock will rise or fall. This is a significant technical analysis of Nifty Index, Gold &Crude which helps to understand the price behavior of these index and commodities and the signals given by them and the major turning points of the market price. The aim of this paper is to carrying out Technical Analysis of the index and commodities and to assist investment decisions in this Indian Market.

Introduction

History

The Japanese began using technical analysis to trade rice in the 17th century. While this early version of technical analysis was different from the US version initiated by Charles Dow around 1900, many of the guiding principles were very similar:

- The "what" (price action) is more important than the "why" (news, earnings, and so on).
- All known information is reflected in the price.
- Buyers and sellers move markets based on expectations and emotions (fear and greed).
- Markets fluctuate.
- The actual price may not reflect the underlying value.

Candlestick charting first appeared sometime after 1850. Much of the credit for candlestick development and charting goes to a legendary rice trader named Homma from the town of Sakata. It is likely that his original ideas were modified and refined over many years of trading eventually resulting in the system of candlestick charting that we use today.

Technical Analysis can be defined as an art and science of forecasting future prices based on an examination of the past price movements. Technical analysis is not astrology for predicting prices. Technical analysis involve putting stock information like prices, volumes and open interest on a chart and applying various patterns and indicators to it in order to assess the future price movements. The time frame in which technical analysis is applied may range from intraday (5-minute, 10-minutes, 15-minutes, 30-minutes, hourly, 2 hours, 4 hours & 8 hours), daily, weekly or monthly price data to many years.

Mostly it is said that technical analysis works on human psychology. And that human psychology depicts on the charts. The behavior of the traders or investors can be depicted on the charts so by studying it we can decode the psychology of the traders about the market. Technical analysts do not attempt to measure a securities intrinsic value, but instead use charts and other tools to identify patterns that can suggest future activity. Technical analysis is a security analysis technique that claims the ability to forecast the future direction of prices through the study of past market data primarily price and volume.

Basic Assumptions of Technical Analysis

1. **The Market Discounts Everything:** Technical analysis assumes that, at any given time, a stock's price reflects everything that has or could affect the company including fundamental factors. Technical analysts believe that the company's fundamentals, along with broader economic factors and market psychology, are all priced into the stock, removing the need to actually consider these factors separately. Technical analysts don't concern themselves with the price-to-earnings ratio, shareholder equity, return on equity or other factors that fundamental analysts do.

2. Price Moves in Trends: In technical analysis, price movements are believed to follow trends. Technical analysts believe that once a trend gets established, price movements are more likely to be in the same direction. By adjusting the length of time the market is being analyzed, it is possible to spot both short- and long-term trends.

3.History Tends To Repeat Itself: Another important idea in technical analysis is that history tends to repeat itself, mainly in terms of price movement. Technical analysis uses chart patterns to analyze market movements and understand trends. People don't change their motivations overnight; therefore, traders will react the same way to conditions as they did in the past when those conditions repeat themselves. Although many of these charts have been used for more than 100 years, they are still believed to be relevant because they illustrate patterns in price movements that often repeat themselves.

Tools Used In Technical Analysis

1. **Candlestick Charts:** A candlestick is a chart that displays the high, low, opening and closing prices of a security for a specific period. The wide part of the candlestick is called the "real body" and tells investors whether the closing price was higher or lower than the opening price. Black/red indicates that the stock closed lower and white/green indicates that the stock closed higher. Candlestick charting provide a visual indication of market psychology, market sentiment and potential weakness making it a rather valuable trading tool.
2. **Technical Indicators & Oscillators:** Technical indicators plot a series of data based on price and/or volume. There are many different types of indicators available, which can be useful to provide signals for:
   (i) Trends – the current bias to which prices are trading (bullish/ bearish/ sideways).
   (ii) Momentum – the strength of the current trend.
   (iii) Divergences – when the price of a financial market and an indicator diverge in trend i.e. move in opposing directions
   (iv) Reversals – when a price trend reverses.

Types of Indicators & Oscillators

(a) **Relative Strength Index (RSI):** Relative Strength Index (RSI) is a momentum oscillator that measures the speed and change of price movements. RSI oscillates between zero and 100. Generally, RSI is considered overbought when above 70 and oversold when below 30. The default time frame for comparing up periods to down periods is 14, as in 14 trading days. Signals can also be generated by looking for divergences, failure swings and centerline crossovers. RSI can also be used to identify the general trend. The relative strength index is calculated using the following formula:

RSI = 100 - 100 / (1 + RS)

Where RS = Average gain of up periods during the specified time frame / Average loss of down periods during the specified time frame.

(b) **MACD:** Moving average convergence divergence (MACD) is a trend-following momentum indicator that shows the relationship between two moving averages of prices. The MACD is calculated by subtracting the 26-day exponential moving average (EMA) from the 12-day EMA. A nine-day EMA of the MACD, called the "signal line", is then plotted on top of the MACD, functioning as a trigger for buy and sell signals.

(c) **Simple Moving Average:** A simple moving average (SMA) is an arithmetic moving average calculated by adding the closing price of the security for a number of time periods and then dividing this total by the number of time periods.

(d) **Exponential Moving Average:** An exponential moving average (EMA) is a type of moving average that is similar to a simple moving average, except that more weight is given to the latest data.

Candlestick with Strandline:

Generally, it is saying in technical analysis that ***"Trend is your best friend".*** So, always follow the trend irrespective of what indicators and oscillators told as it is a primary thing but all the secondary things are associated with this only. So never ever make a trade against the trend otherwise you can incur huge losses in the markets.

Reversal Patterns:

1. **Hammer & Hanging Man pattern**: The hanging man and the hammer are both candlestick patterns that indicate trend reversal. The only difference between the two is the nature of the trend in which they appear. If the pattern appears in a chart with an upward trend indicating a bearish reversal, it is called the hanging man. If it appears in a downward trend indicating a bullish reversal, it is a hammer. Apart from this key difference, the patterns and their components are identical. Both consist of a single candlestick with a real body near the top of the candle, a long lower shadow at least twice the length of the body and little to no upper shadow. The color of the candlestick in either scenario is of no consequence.

2. **Engulfing Pattern:** A bullish engulfing pattern is a chart pattern that forms when a small black candlestick is followed by a large white candlestick that completely eclipses or "engulfs" the previous day's candlestick. The shadows or tails of the small candlestick are short, which enables the body of the large candlestick to cover the entire candlestick from the previous day whereas a bearish engulfing pattern is a chart pattern that consists of a small white candlestick with short shadows or tails followed by a large black candlestick that eclipses or "engulfs" the small white one. As implied by its name, a bearish engulfing pattern may provide an indication of a future bearish trend.

REVIEW OF LITERATURE:

A number of studies have been performed for the use of technical analysis in financial markets. Few of them are mentioned below.

C. Booblan (2014) studied the price movements of selected stocks like WIPRO, SBIN, GAIL, ONGC and ITC and found that, WIPRO in short term and medium term is bullish; Buy SBIN above at 1930 and sell below 1447 down target 1250; Buy GAIL above 400 targets 443 and 465;The candlestick chart of ONGC can the spot the share price of ONGC are in short term medium term is bullish and long team bearish trend. The ONGC range bound between 262 to 308 if break 308 next upper targets levels at 319.8 and 345 and it break 262 level downtrend targets 244. Short term according to RSI &MACD analysis ONGC is technically strong. On the basis of this trend investor makes a decision buy and sell.

Lui and Mole (1998) report the results of a questionnaire survey conducted in February 1995 on the use by foreign exchange dealers in Hong Kong of fundamental and technical analyses. They found that over85% of respondents relyon both methods and, again, technical analysis was more popular at shorter time horizons. This paper aims at carrying out Technical Analysis of the securities of the selected companies in Indian stock market.

Kavajecz and Odders-White (2004) show that support and resistance levels coincide with peaks in depth on the limit order book 1 and moving average forecasts reveal information about the relative position of depth on the book. They also show that these relationships stem from technical rules locating depth already in place on the limit order book.

Frankel and Froot (1990) noted that market professionals tend to include technical analysis in forecasting the market. The guiding principle of technical analysis is to identify and go along with the trend. When there is a trend, whether started by random or fundamental factors, technical methods will tend to generate signals in the same direction. This reinforces the original trend, especially when many investors rely on the technical indicators. Thus, even if the original trend were a random occurrence, the subsequent prediction made by the technical indicator could be self-fulfilling. This self-fulfilling nature leads to the formation of speculative bubbles (see, for example, Froot et al., 1992).

Conrad and Kaul (1988) found that weekly returns were positively autocorrelated, particularly for portfolios of small stocks.

B. Sudheer Kumar & Dr. G. Malyadri found that the investor can recognize and analyze the risk and return of the shares and to identify price variations and buy & sell of shares using this analysis.

Objectives of Technical Analysis:

(i) To generate buy/sell signals.

(ii) To predict the price movements of stock and commodities for future (short term & long term)

(iii) Enables effective decision making

(iv) To find out risk and return of Nifty, Gold & Crude

(v) To study the relevance of technical analysis in Indian capital market

Research Methodology

The study aims at analyzing the price movements of Nifty Index, Gold & Crude. The research design followed is descriptive and analytical in nature. For Technical Analysis, Secondary Data the daily, weekly & monthly price movements of the Nifty Index were absorbed for 13 years i.e. Nov 2003 to April 2017.The closing prices were taken and the future price movement was analyzed using various tools. Data were collected from trading of equity market in NSE, various books, journals, magazines and websites. For Gold, we have taken the data from year 2008 to 2017.

Chart Analysis & Interpretation:

1. Nifty Index Monthly chart

This is monthly chart of Nifty from Nov 2003 to April 2017. Here we have drawn a trend line in the year March 2009. That trend line hasn't broken till yet. So by this we can say that for longer term of perspective market is very bullish and it is making higher highs and higher lows.

2.Nifty Index Daily Chart

This is Nifty index daily chart. Here each candlestick represents a single day. It is used for making short term buy or sell signals. Here we have seen a pattern which is called bullish engulfin in terms of technical analysis on Dec 2016. From that level, Nifty has witnessed an all time high and currently also it is trading at higher levels. So by this pattern we have understood that at that level there is a major buy signal and whosoever have taken the position, he must have earn a very handsome amount.

2. Gold Monthly Index (MCX)

This is monthly chart of gold index (MCX). In this chart, we have seen a trend reversal signal in the form of Hammer, which suggests to buy the gold at that level and what we have seen that the trend hasn't broken till yet. So according to the recommendation we have to buy gold at that level.

Conclusion:

So, by looking all the charts one thing is pretty clear that technical analysis can be used for long term as well as for short term. If you use it by analyzing all the price movements then u can earn a very good amount of money from the capital markets. On the basis of the knowledge of technical analysis one can predict the perfect investment decision of the stock market. By using the technical indicators the future market of securities would be known in which to invest. The more accurate prediction of stock prices of selected companies the investor to carry out fundamental analysis of stock prices, they can predict of future trend of stock prices and commodities. There will be numerous opportunities for trading and investing in the market but the thing is when you have to enter and when u has to make exit from the market and this you can get with the help of technical analysis.

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3. www.academia.edu
4. www.candlestickforum.com

Firm Structure and Corporate Earnings:
A Study of NSE Listed Company

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Abstract

The purpose of the paper is an attempt to explore the firm's structure and corporate earnings of various Indian companies for the period of 5 years (2011 to 2016). The sample covers 100 companies of Top 500 NSE listed. The research study focused on the relationship between firm structure and net profit, return on capital employed and net profit as independent variables. The study used Kolmogorov–Smirnov test to check the normality and multiple linear regression a was applied to check the relationship among the variables. The study revealed that the capital structure and corporate earnings were closely associated and further support was given by the Pecking order theory of capital structure.

Keywords: Capital structure, Corporate Earnings, Net profit, ROCE

Introduction

Capital structure is composition of long term debt and equity of business. It encompasses fund raised with the help of ordinary and preference share, Bonds, Debenture, terms loans from financial institutions etc.

Financing structure is most significant decision of finance manager and also effect risk and return of shareholder. Every company has to plan financial structure at the time of promotion. Every modification of raising fund generates new capital structure. The company's retention policy affects the shareholders earning. Financing decision effects debt equity mix and the value of firm. Capital Structure represent combination of various securities raised i.e. ratio of total debt and equity. It includes capital raised through determinately and preference shares, term loans from financial institutions, debentures, bonds etc. any earned revenue and capital surpluses are included.

A firm funds its operation with capital raised from varied sources. A mix of these various sources is generally referred to as capital structure (CS). The CS has been defined as “that combination of debt and equity that attains the stated managerial goals (i.e.) the maximization of the firm’s market value”. The optimal CS is also defined as that “combination of debt and equity that minimizes the firm’s overall cost of capital” 1. The firm’s balance sheet constitutes different proposition of debt instruments, preferred and common stock, which represents the CS of the firm. The CS is an unsolved problem, which has attracted both academics and practitioners as the objective of financial management is to maximize shareholder’s wealth. The key issue here is the relationship between CS and firm’s value

Capital Structure Theories:

Firm’s capital structure decision can be viewed from the following theories: Modigliani- Miller theory, pecking order theory, and trade-off theory. The theory of business finance in a modern sense starts with the Modigliani and Miller (1958) capital structure irrelevance proposition. Before them, there was no generally established theory of capital structure. The debate about how and why firms choose their capital structure began in 1958 (Myers, 2001), when Modigliani and Miller (1958) published their famous arbitrage argument showing that “the market value of any firm is independent of its capital structure”. Modigliani and Miller start their theory by assuming that the firm has a particular set of expected cash flows. When the firm chooses a certain proportion of debt and equity to finance its assets, what it has to do is to divide up the cash flows among investors. Investors and firms are assumed to have equal access to financial markets, which allows for homemade leverage. As a result, the leverage of the firm has no effect on the market value of the firm. Modigliani and Miller’s theory influenced the early development of other capital structure theory.

According to the trade-off approach, by balancing the advantages and disadvantages of debt it could be possible to determine an optimal level of indebtedness that could reduce the cost of capital and contribute to the creation of economic value. In other words, an element of balance is introduced in capital structure choices because of the optimal combination of debt and equity. Many factors generate costs and benefits of debt and contribute to determining optimal capital structure. Firms that use debts, in fact, can take advantage not only of tax benefits derivable from the deductibility of financial obligations, but can also minimize their costs arising from information asymmetries and discipline managerial behavior with regards to firm investment policies. This type of financing, however, also brings with it the possibility that some specific problems can arise, that are attributable to the costs of eventual financial distress, agency costs and costs deriving from a loss of financial flexibility.

The pecking order theory, on the other hand, posits that based on the assumption of information asymmetry, firms avoid equity and risky securities that are sensitive to mis-pricing and adverse selection. Pecking order theory does not predict an optimal or target capital structure. It argues that profitable firms will use their retained earnings first to meet their capital needs. They opt for debt as their second choice and additional equity finance as a source of last resort. It contends that more profitable firms rely more on their retained earnings to finance their growth, whereas less profitable firms use more of debt financing. This is the opposite of the position of trade-off approach.

Corporate earnings are also referred to as "company earnings" and "corporate profits:" Basically, the amount of money a company makes in certain period of time. The price/earnings multiple is still the most common tool used to value a company. The stock market values a company based on the amount of money—the earnings and profits—the company has after all expenses, including taxes, have been paid.

Corporate earnings are calculated by subtracting the total amount of the company's expenses from their revenue, to determine how much the actual earnings of the company are. This information is useful to those that are invested in the company, or for those that are considering investing their own money into the company, to determine the performance and financial stability of the corporation

The number of sales dollars remaining after all operating expenses, interest, taxes and preferred stock dividends (but not common stock dividends) have been deducted from a company's total revenue.

How it works and with Example:

Net profit is also referred to as the bottom line, net income, or net earnings. The formula for net profit:
Total Revenue -Total Expenses = Net Profit

Return on capital employed (ROCE) is the ratio of net operating profit of a company to its capital employed. It measures the profitability of a company by expressing its operating profit as a percentage of its capital employed. Capital employed is the sum of stockholders' equity and long-term finance. Alternatively, capital employed can be calculated as the difference between total assets and current liabilities. The formula to calculate return on capital employed is:

ROCE=Net Profit/Capital employed.

Review of Literature

According to**Modigliani and Miller (1958)** capital structure is irrelevant and internal and external finance can be perfect substitutes of each other. Modigliani and Miller made two conclusions under the perfect capital market conditions. Their first 'proposition' was that the value of a company is not affected by its capital structure. Their second 'proposition' stated that the cost of equity for a leveraged firm is equal to the cost of equity for an unleveraged firm, plus an added premium for financial risk.

Myers (1984) established relationship between firm profitability and capital structure which can be explained by the Pecking Order Theory (POT). It holds that firms preferred internal sources of finance to external sources. The ordered of the preference is from the one that is least sensitive (and least risky) to the one that is most sensitive (and most risky) that arise because of asymmetric information between corporate insiders and less well-informed market participants.

According to **Muradoglu and Whittington (2001)** one of the most complexes decisions faced a firm is whether to finance new investments by borrowing money or issued more shares or with retained earnings.

Atkin and Glen (1992)urged that there were a number of influences on that decision essentially firm-specific factors and country-specific factors. Several firm-specific factors like tangibility, firm size, risk, growth, market to book, stock market performance and profitability played an important role in determining a firm's capital structure.

Agrawal and Knoeber (1991) considered the control mechanisms as alternatives. That can be used in substitution. This implied that the use of mechanisms is negatively related. But positive relations are possible. They had given the example of greater insider holdings assisting the market for corporate control by making insiders less obtrusive. Similarly corporate control activity could be boosted by outsider representation on boards since outside directors can facilitate takeovers. Likewise greater institutional and block holding may reduce transaction costs and eliminate the free-rider problems and thus facilitate takeovers. The most common governance mechanisms are reviewed below.
Brigham (2004) referred to capital structure as the way in which a firm finances its operations which can either, be through debt or equity capital or a combination of both.

Magara (2012) studied on capital structure and its determinants at the Nairobi Securities Exchange. The study sought to find out the major determinants of capital structure. It was established that from the period 2007 to 2011, there was a positive significant relationship between the firm size, tangibility and growth rate and the degree of leverage of the firm. The study did not take into consideration macro- economic factors like inflation and interest rates.

Kaushik Basu and Meenakshi Rajeev (2013) studied that they had made an attempt to answer two crucial questions - first, whether capital market regulations exert any influence on capital structure decisions of Indian corporate firms, and second, how to measure the capabilities of firm-specific factors to explain two theories of capital structure namely, static trade-off theory and pecking order hypothesis.

Dalvi, M. et al (2005) analyzed the various determinants of liquidity on National Stock Exchange. They found that each measure of liquidity is significantly related to measures of activity such as the number of trades, daily volume, rupee turnover, quality of price discovery, order size and order imbalance, a change in settlement regimes and ratio of trading volumes in a given stock between the National Stock Exchange and the Bombay Stock Exchange.

Objectives of the Study

The purpose of study is to measure the capital structure and performance of Indian companies. Further also establish the relationship between corporate earnings and capital structure of Indian companies

Hypothesis

Ho: There is no relationship between capital structure and corporate Earning (Net Profit, ROCE).

Research Methodology

The study was causal in nature and it was used secondary data to establish the relationship between the two variables. The study contain debt ratio as dependent variable and corporate earnings (Net profit, ROCE) as independent variable. The population of study was companies listed in NSE 500 and consistently present from year 2011 to year 2016. Individual Company listed in NSE was the sampling element where 100 companies' data was collected as sample from the population. Non probability purposive sampling technique was applied. The data was collected through the websites of www.nseindia.com, www.yahoofinance.com. Mathematical formulae of calculation of net profit and return on capital employed were applied to measure the corporate earnings. Normality of data was checked through Kolmogorov–Smirnov test (K–S test). Multi-Regression was applied to identify the cause and effect relationship between capital structure and corporate earnings.

Results and Discussion

The normality of the data was checked through Kolmogrov-Smirnov test and found that the test distribution was normal and hence linear regression can be applied.

The multiple regressions were applied between independent and dependent variable in six different years separately. Return on Capital and Net Profit were taken as independent variable and Dept Equity ratio taken as a dependent variable. The adjust r^2 value was found to be increasing in chronological order. The two independent variable of corporate earnings were taken together explained on average less than 40% of the total variance in the dependent variable i.e. debt and equity. The goodness of fit for the model is tested by using ANOVA and the F-value were found to be significant in all the cases, indicating that the model has high fit. Hence the null hypothesis that the "capital structure is not associated with corporate earnings is rejected. The contribution of individual independent variables is evaluated through computation of β and was tested for significance using t-test.

2011

	Net Profit	Return on Capital
B value	.353	-.128
Value of F	7.871	7.781
Significance	.001	.001
Value of T	3.747	-1.361
Significance	.000	.177
R square	.140	.140

ANOVA summary reported that the f value (7.871) is significant at .001% level of significance hence the model is fit. The r2 value is .140 indicating that the independent variable explained only 14% of variance in dependent variable. The β value of 2008 for independent variable net profit and return on capital employed are .353 and -.128 with t- test value of 3.747 and -1.361 the net profit is significant at .000% level of significance, indicating that net profit do contribute significantly to the dept equity ratio but ROCE was insignificant at .177% level of significance, indicating that return on capital employed does not contribute significantly to the dept equity ratio.

2012

	Net Profit	Return on Capital
B value	.347	-.011
Value of F	6.630	6.630
Significance	.002	.002
Value of T	3.639	-.111
Significance	.000	.912
R square	.120	.120

ANOVA summary reported that the f value (6.630) is significant at .002% level of significance hence the model is fit. The r2 value is .120 indicating that the independent variable explained only 12% of variance in dependent variable. The β value of 2009 for independent variable net profit and return on capital employed are .347 and -.011 with t- test value of 3.639 and -.111 the net profit is significant at .000% level of significance, indicating that net profit do contribute significantly to the dept equity ratio but ROCE was insignificant at .595% level of significance, indicating that return on capital employed does not contribute significantly to the dept equity ratio.

2013

	Net Profit	Return on Capital
B value	.516	-.128
Value of F	17.749	17.749
Significance	.000	.000
Value of T	5.943	-.534
Significance	.000	.595
R square	.268	.268

ANOVA summary reported that the f value (17.749) is significant at .000% level of significance hence the model is fit. The r2 value is .268 indicating that the independent variable explained only 26% of variance in dependent variable. The β value of 2010 for independent variable net profit and return on capital employed are .516 and -.046 with t- test value of 5.943 with -.534 the net profit is significant at .000% level of significance, indicating that net profit do contribute significantly to the dept equity ratio but ROCE was insignificant at .595% level of significance, indicating that return on capital employed does not contribute significantly to the dept equity ratio.

2014

	Net Profit	Return on Capital
B value	-.140	.592
Value of F	24.242	24.242
Significance	.000	.000
Value of T	-1.642	6.962
Significance	.104	.000
R square	.333	.333

ANOVA summary reported that the f value (24.242) is significant at .000% level of significance hence the model is fit. The r2 value is .333 indicating that the independent variable explained only 33% of variance in dependent variable. The β value of 2011 for independent variable net profit and return on capital employed are -.140 and .592 with t- test value of -1.642 and 6.962 the net profit is insignificant at .104% level of significance, indicating that net profit does not contribute significantly to the dept equity ratio but ROCE was significant at 000% level of significance, indicating that return on capital employed do contribute significantly to the dept equity ratio.

2015

	Net Profit	Return on Capital
B value	.061	.558
Value of F	24.225	24.225
Significance	.000	.000
Value of T	.707	6.499
Significance	.482	.000
R square	.333	.333

ANOVA summary reported that the f value (24.225) is significant at .000% level of significance hence the model is fit. The r2 value is .333 indicating that the independent variable explained only 33% of variance in dependent variable. The β value of 2012 for independent variable net profit and return on capital employed are .061 and .558 with t- test value of .707 and 6.499 the net profit is insignificant at .482% level of significance, indicating that net profit does not contribute significantly to the dept equity ratio but ROCE was significant at 000% level of significance, indicating that return on capital employed do contribute significantly to the dept equity ratio

2016

	Net Profit	Return on Capital
B value	-.097	.615
Value of F	28.648	28.648
Significance	.000	.000
Value of T	-1.197	7.568
Significance	.234	.000
R square	.371	.371

ANOVA summary reported that the f value (28.648) is significant at .000% level of significance hence the model is fit. The r2 value is .371 indicating that the independent variable explained only 37% of variance in dependent variable. The β value of 2013 for independent variable net profit and return on capital employed are -.097 and .615 with t- test value of -1.197 and 7.568 the net profit is insignificant at .234% level of significance, indicating that net profit does not contribute significantly to the dept equity ratio but ROCE was significant at 000% level of significance, indicating that return on capital employed do contribute significantly to the dept equity ratio.

Suggestions and Conclusion:

The study will be useful for businessman, Academician and policy makers take the decisions accordingly and understand the relationship between capital structure and corporate earnings. Also find the depth and scope of further research. Although some scope of improvement is identified as considered that the present study covers only 100 companies that are listed in the NSE for the last 6 years. Since huge volume of data and indices can be analyzed.

This study has tested empirically the relationship between capital structure and corporate earnings. The multiple regressions were applied between capital structure and corporate earnings (return on capital employed and net profit). The results of regression disclosed that the company' capital structure and corporate earnings are associated closely. It has been observed in the study that out of these two independent variables net profit and ROCE the strong correlation was found in net profit and debt equity ratio rather than the ROCE. The r^2 value in the initial years was found to be low as there was some effect of recession in the market. However the value went on increasing in the last year. Finally the study supported the Pecking order theory of capital structure.

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Model Summary 2011

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0 1	.374[a]	.140	.122	3.59172

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	203.079	2	101.540	7.871	.001[a]
	Residual	1251.341	97	12.900		
	Total	1454.420	99			

a. Predictors: (Constant), returnoncap11, netprofit11

b. Dependent Variable: debtequity11

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.794	.639		1.242	.217
	Netprofit11	.099	.026	.353	3.747	.000
	Returnoncap11	-.024	.018	-.128	-1.361	.177

a. Dependent Variable: debtequity11

Model Summary 2012

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0 1	.347[a]	.120	.102	4.44733

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	262.256	2	131.128	6.630	.002[a]
	Residual	1918.536	97	19.779		
	Total	2180.792	99			

a. Predictors: (Constant), returnoncap12, netprofit12

b. Dependent Variable: debtequity12

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.770	.703		1.096	.276
	Netprofit12	.111	.030	.347	3.639	.000
	Returnoncap12	-.003	.023	-.011	-.111	.912

a. Dependent Variable: debtequity09

Model Summary 2013

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0 1	.518[a]	.268	.253	4.74455

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	799.067	2	399.534	17.749	.000[a]
	Residual	2183.539	97	22.511		
	Total	2982.607	99			

a. Predictors: (Constant), returnoncap13, netprofit13

b. Dependent Variable: debtequity13

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-.082	.797		-.103	.918
	netprofit13	.185	.031	.516	5.943	.000
	returnoncap13	-.013	.024	-.046	-.534	.595

a. Dependent Variable: debtequity13

Model Summary 2014

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0 1	.577[a]	.333	.320	4.76899

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1102.705	2	551.352	24.242	.000[a]
	Residual	2206.092	97	22.743		
	Total	3308.797	99			

a. Predictors: (Constant), returnoncap14, netprofit14

b. Dependent Variable: debtequtiy14

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-1.204	.716		-1.681	.096
	netprofit14	-.047	.028	-.140	-1.642	.104
	returnoncap14	.186	.027	.592	6.962	.000

a. Dependent Variable: debtequtiy14

Model Summary 2015

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0 1	.577[a]	.333	.319	5.59933

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1519.057	2	759.528	24.225	.000[a]
	Residual	3041.188	97	31.352		
	Total	4560.245	99			

a. Predictors: (Constant), returnoncap15, netprofit15

b. Dependent Variable: debtequity15

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-1.307	.857		-1.525	.131
	netprofit15	.034	.048	.061	.707	.482
	returnoncap15	.213	.033	.558	6.499	.000

a. Dependent Variable: debtequity15

Model Summary 2016

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
dimension0 1	.609[a]	.371	.358	5.28351

ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1599.456	2	799.728	28.648	.000[a]
	Residual	2707.799	97	27.915		
	Total	4307.255	99			

a. Predictors: (Constant), returnoncap16, netprofit16

b. Dependent Variable: debtequity16

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-1.036	.763		-1.359	.177
	netprofit16	-.025	.021	-.097	-1.197	.234
	Returnoncap16	.233	.031	.615	7.568	.000

a. Dependent Variable: debtequity16

A Study on Enrollment Procedure for The Registration of GST (Goods And Service Tax) By Existing Taxpayers in India

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Abstract

This paper is prepared to find out the enrollment procedure of GST(Goods and Service Tax) registration done by existing taxpayers. Present research states about some relevant information to make aware people for registration for GST. Tabular and diagrammatic representation of data of state wise GST registration done presently in India provides information regarding different rates of GST. It was found in the research that existing taxpayers in India have awareness of GST registration. With comparison to different states highest rate of registration in Madhya Pradesh was found 79.79% up to 30 November 2016 where as the last date of registration is up to 31 March 2017.

Keywords: *GST(Goods and Service Tax), Registration, Existing Taxpayers.*

Introduction

Goods and Services tax (GST), which is often known as a historic reform, is now around the corner. After president Mr.Pranab Mukherjee gave his assent on 8th September 2016, the Government is firing on all cylinders to implement GST by 1st April 2017. However, the implementation will be little early for the existing taxpayers. The existing taxpayers will have to enroll themselves under the GST database by the end of this month. State government of Goa has already issued a deadline of enrollment 29th November 2016. The simplicity of the tax should lead to easier administration and enforcement. From the consumer point of view, the biggest advantage would be in terms of a reduction in the overall tax burden on goods and services, which is proposed rate is 15%-24%, free movement of goods from one state to another without stopping at state borders for hours for payment of state tax or entry tax and reduction in paperwork to a large extent. GST is defined by Tax Guru "GST is a tax on goods and services with value addition at each stage having comprehensive and continuous chain of set of benefits from the producer's / service provider's point up to the retailer's level where only the final consumer should bear the tax."

Literature Review

Chahar D. 2016-17 suggested that Historical background of GST (Goods and Service Tax). GST History in India, France is the first country in the world, which has implemented GST in 1954. In India Finance Ministry has placed 122nd Constitution Amendment Bill in Lok Sabha in 19th December 2014. The Government of India has appointed various committees, task force to give their views to introduce a vibrant and modern Indirect Tax Structure in India, some of views are:

1. Amaresh Baghchi Report, 1994 suggests that the introduction of " Value Added Tax (VAT) ' will act as root for implementation of Goods and Services Tax in India

2. Ashim Dasgupta, 2000 empowered committee, which introduces VAT System in 2005, which has replaced old age taxation system in India.

3. Vijay Kelkar Task Force 2004, it strongly recommended that the integration of indirect taxes into the form of GST in India.

4. Announcement of GST to be implemented by 1st April, 2010 after successfully implementation of VAT system in India and suggestion of various committees and task

forces on GST, the Union Government first time in Union Budget 2006-07 announced that the GST would be applicable from 1st April, 2010.

5. The government has formed various Joint Working Groups of state finance ministers to study the impact of GST on the revenue of various States.

6. The empowered committees of State Finance Ministers after various meetings reached on amicable formula for implementation of GST in India.

7. Task force of Finance Ministers has submitted their report in December, 2009 on structure of GST in India.

8. Government of India has issued first discussion paper in November, 2009.

9. Constitution (115th Amendment) Bill introduced on 22nd March, 2011 and same was referred to Parliamentary Standing Committee on Finance for discussion.

10. Finance Minister in his speech announced that the GST will be rolled out by April, 2011.

11. Constitution (122nd Amendment) Bill introduced in the Parliament in December, 2014 since 115th Amendment Bill has been lapsed due completion of parliamentary terms. The Government of India has introduced Constitution (122nd Amendment) Bill on 19th December, 2014 the Lok Sabha has passed the bill on 6th May, 2015 but Bill is pending in Rajya Sabha.

12. GST Bill Passed in Rajya Sabha on 3rd August 2016 (03-08-2016).

13. When GST is Applicable – Modi Government Want to applicable GST Bill From 1st July 2017, Due to Some Legal Problems GST Bill is not applicable before 1st July 2017.

Objectives

1. To find out the GST registration procedure in India.

2. To find out the awareness of existing taxpayers in Indian.

3. To find out the proposed rate of GST applicability in India.

Research Methodology

The study is descriptive in nature, aimed to study Enrollment Procedure for GST in India. It is a general study. The Sample was taken from different sources of GST historical data. Secondary data was used for data analysis. This data was collected from various sources like business magazines, books and websites.

Procedure Of Enrollment For Gst Registration

(A) Documents Required for GST Registration in India:

S. No.	Documents Required for GST Registration in India
1.	Photographs (wherever specified in the Application Form)
2.	Constitution of Taxpayer:
3.	Proof of Principal/Additional Place of Business
4.	Bank Account Related Proof
5.	Size of Document Required for GST Registration in India

(1)Photographs (wherever specified in the Application Form)

a. Proprietary Concern – Proprietor

b. Partnership Firm / LLP – Managing/Authorized/Designated Partners (personal details of all partners is to be submitted but photos of only ten partners including that of Managing Partner is to be submitted)

c. HUF – Karta

d. Company – Managing Director or the Authorised Person

e. Trust – Managing Trustee

f. Association of Person or Body of Individual –Members of Managing Committee (personal details of all members is to be submitted but photos of only ten members including that of Chairman is to be submitted)

g. Local Authority – CEO or his equivalent

h. Statutory Body – CEO or his equivalent

(2)Constitution of Taxpayer:

Constitution of taxpayer are- Partnership Deed in case of Partnership Firm,Registration Certificate/Proof of Constitution in case of Society, Trust, Club, Government Department, Association of Person or Body of Individual, Local Authority, Statutory Body and Others etc.

(3)Proof of Principal/Additional Place of Business:

(a) For Own premises – Any document in support of the ownership of the premises like Latest Property Tax Receipt or Municipal Khata copy or copy of Electricity Bill.

(b) For Rented or Leased premises – A copy of the valid Rent / Lease Agreement with any document in support of the ownership of the premises of the Lesser like Latest Property Tax Receipt or Municipal Khata copy or copy of Electricity Bill.

(c) For premises not covered in (a) & (b) above – A copy of the Consent Letter with any document in support of the ownership of the premises of the Consenter like Municipal Khata copy or Electricity Bill copy. For shared properties also, the same documents may be uploaded.

(4)Bank Account Related Proof

Scanned copy of the first page of Bank passbook / one page of Bank Statement Opening page of the Bank Passbook held in the name of the Proprietor / Business Concern – containing the Account No., Name of the Account Holder, MICR and IFSC and Branch details.

(5)Size of Document Required for GST Registration in India

Documents Detail	File Size Format	Maximum Size
Evidence for different Entities:-Partnership etc	PDF/ JPEG	1 MB
Promoters/Partners/HUF –Photograph	JPEG	100 KB
Proof of Authorized Signatory	PDF/ JPEG	1MB
Photo of Authorized of signatory	JPEG	100 KB
First Page of Bank Passbook/Bank Statement	PDF/ JPEG	1 MB

(B)Instruction for filling Application for New Registration

1. Enter Name of taxpayer as recorded on PAN of the Business. In case of Proprietorship concern, enter name of proprietor at Legal Name and mention PAN of the proprietor. PAN shall be verified with Income Tax database

2. Provide Email Id and Mobile Number of primary authorized signatory for verification and future communication which will be verified through One Time Passwords to be sent separately, before filling up Part-B of the application.

3. Applicant need to upload scanned copy of the declaration signed by the Proprietor/all Partners/Karta/Managing Directors and whole time Director/Members of Managing Committee of Associations/Board of Trustees etc.

(C) GST Registration Schedule

In this Research paper Researcher provide GST Enrolment/Registration Dates for Existing Taxpayers or Existing Excise Duty, Custom Duty, CST, VAT and Service- Tax dealers for all States of India (Delhi, Maharashtra, Goa, Kolkata, Rajasthan, Gujarat, Bihar, Madhya Pradesh, Uttar Pradesh, Kerala, Tamil Nadu, Karnataka, Telangana, Andhra Pradesh, Jammu and Kashmir, Delhi, Chandigarh, Haryana, Punjab, Uttarakhand, Himachal Pradesh etc.) are started from 7th Jan to 31st March 2017.

An official statement said- “As part of its efforts to ensure implementation of GST by 1st April, 2017, CBEC has taken steps to ensure that its existing taxpayers are migrated to GST in a simple, user-friendly and smooth manner,”

(D) GST Registration Schedule on New GST Portal for our States

Latest Update on Feb 2017, Hi Friends Currently around 70% to 80% existing tax payers are registered on GST Portal, and lot of existing taxpayers are pending for GST Registration on GST Portal, So Currently Last Date for GST Registration is 31st March 2017 so please register on GST Portal as soon Possible.

Percentage (%) of Enrolment for GST Registration in India

The data was collected from different resources and analyzed through table and charts and percentage for GST registration in different States of India are given in the tables.

Table 1: Number of enrollment in percentage for GST registration in states of India

State	**% Enrolled/Registration**
Pondicherry	**72.02%**
Sikkim	44.82%
Maharashtra	69.29%
Goa	48.21%
Daman and Diu	53.14%
Dadra and Nagar Haveli	42.71%
Chhattisgarh	74.84%
Gujarat	78.04%

Odisha	31.21%
Jharkhand	51.27%
Bihar	46.41%
West Bengal	62.44%
MadhyaPradesh	**79.79%**
Assam	8.54%
Tripura	14.94%
Meghalaya	12.52%
Nagaland	41.69%
Arunachal Pradesh	19.21%
Mizoram	30.77%
Manipur	12.78%
Uttar Pradesh	63.41%
Jammu and Kashmir	0.32%
Delhi	58.09%
Chandigarh	58.61%
Haryana	44.67%
Punjab	39.36%
Uttarakhand	37.73%
Himachal Pradesh	38.79%
Rajasthan	71.94%
Kerala	48.42%
Tamil Nadu	61.97%
Karnataka	79.69%
Telangana	65.77%
Andhra Pradesh	72.16%
Enrolment of Taxpayers who are registered under Central Excise Act but not registered under State VAT	1.97%
Enrolment of Taxpayers who are registered under Service Tax Act but not registered under State VAT	1.8%

New registration under VAT/Service Tax/Central Excise after January 2016	Not Yet Started

- Enrolment of taxpayers registered under Central Excise Act but not under state VAT will be done between 05 January and 31 January, 2017

- Service tax registrants who are not registered under state VAT shall migrate between 09 January and 31 January 2017

- Enrolment for new registrations under VAT/ service tax/ excise after August 2016 is slotted between 01 February and 20 March 2017

The revised enrolment schedule also gives the status of enrolment in each state, with **Madhya Pradesh** topping the chart with **79.79%,** followed by & Chhattisgarh,Gujarat, Rajasthan, Andhra Pradesh and Pondicherry.

Chart-1: Percentage of Enrollment for GST registration in State of India

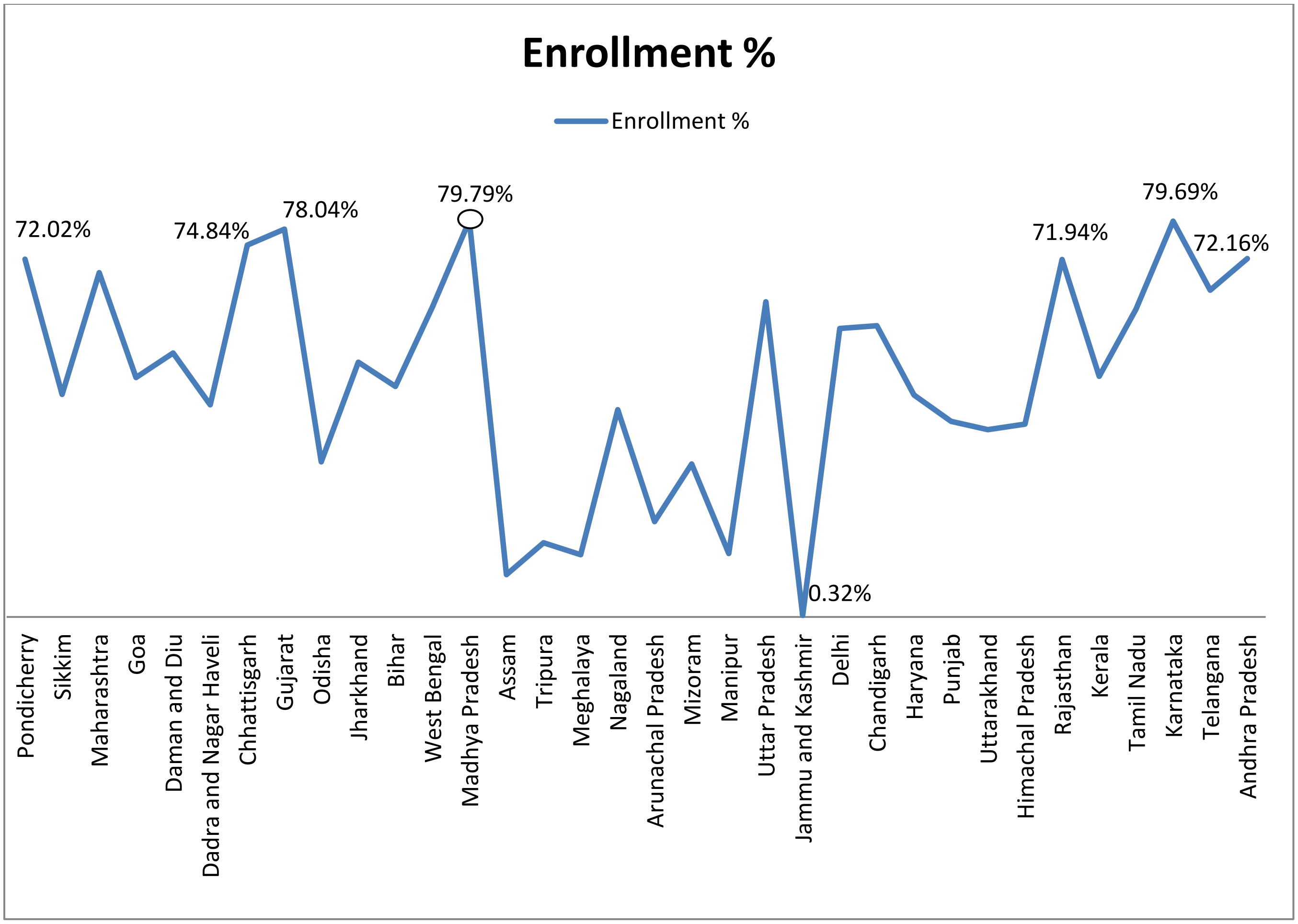
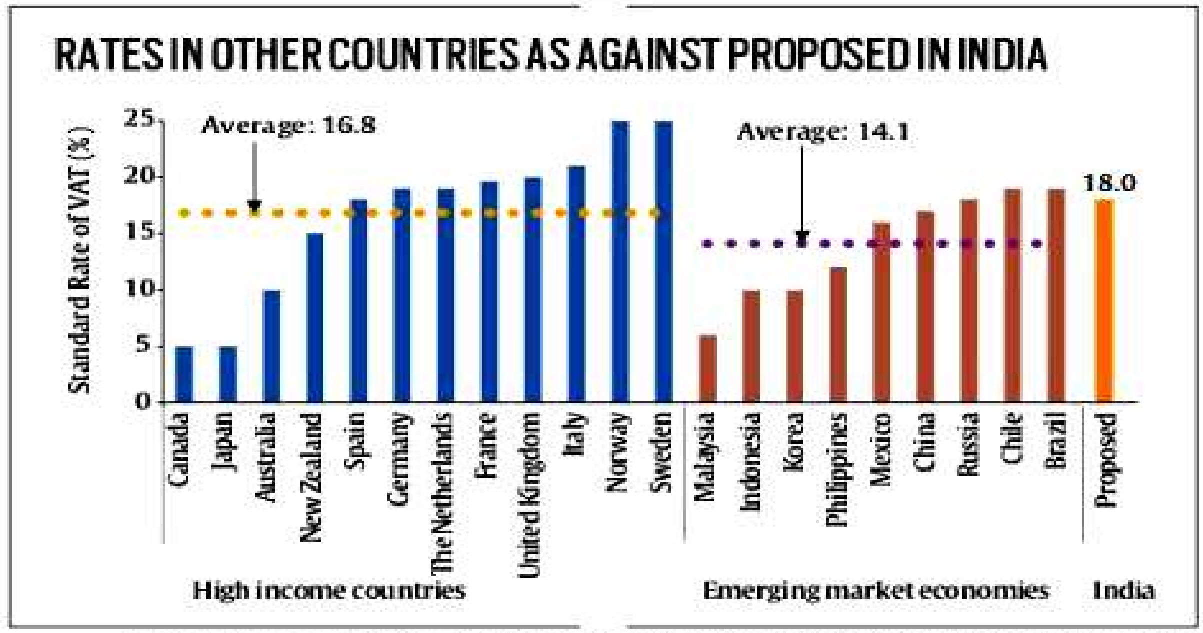


Chart-2: GST Rates in all over countries,



Source: Report on the Revenue Neutral Rate and Structure of Rates for GST by CEA-led committee

Findings

It was found that 79.79% highest enrollment for GST registration done in Madhya Pradesh, Second highest in Karnataka 79.69%, Third highest in Gujrat 78.04%, Fourth highest in Chhattisgarh 74.84%, Fifth highest in Andhra Pradesh 72.16%, Sixth highest in Pondicherry 72.02% and Seventh highest in Rajasthan 71.94% and Other states Rates in below 70%, least rate in Assam 8.54% and lowest in Jammu-Kashmir 0.32%. The fact which had been found that as soon as GST would be applied the cost of goods and services will be increased which will affect common people. Comparison to other countries the accepted rate of GST would be higher.

Conclusion

The researcher had conclude in his research that in India the existing taxpayers are aware of GST in some states were as yet more people are lack of GST awareness in some states or maybe they are careless towards GST registration. As overall research has brought a conclude that people are aware of GST registration and wishes that it should be applied as soon as possible in India which would give relief by multiple taxes and would have only one particular tax GST instead of all other indirect taxes.

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Impact of Demonetization on Net Assets Value of Selected Mutual Funds in India

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ABSTRACT

The argument posited in favor of demonetization is that the cash that would be extinguished would be "black money" and hence, should be rightfully extinguished to set right the perverse incentive structure in the economy. Declaration of 86 percent of currency notes as illegal tender in just a blink of time on eve of 8th November 2016 mandated the creation of immediate interruption in daily lives. The chaos was created in every strata of the society whether upper, middle or lower. Mutual fund sector is most loving sector of investors after demonetization, this sector recorded historical investment that is 3.71 thousand crore from a decade. To check the ***NET ASSETS VALUE*** *before Demonetization and after Demonetization of selected mutual funds with the help of various data provided by the government and other institutions is included in this study. The present paper is trying to identify long term and medium term impact of Demonetization on Mutual fund in India and concluded that short-term impact of demonetization on net assets value of selected mutual funds have negative impact or long term impact have positive impact. So we can easily say that Demonetization is very valuable for the growth of mutual fund industries.*

Keywords: Mutual funds, Demonetization, Net Assets Value, black money, India.

Introduction

The Government of India announced that the Rs. 500 and Rs. 1000 denominated currency notes will cease to be legal tender. The move was targeted toward stackling black money, corruption and terrorism. After initial euphoria, questions began to emerge. What are the costs of this demonetization? Will it be effective if people can still create new black money thereafter? Will it increase the GDP? Wil lit increase inflation? What about tax revenues? Will it affect mutual fund industry? We look for answers.

Consumer behaviour from the marketing world and financial economics have come together to bring to surface an exciting area for study and research in the form of Behavioral Finance and it has been gaining importance over the recent years. With reforms in financial sector and the developments in the Indian financial markets, Mutual Funds (MFs) have emerged to be important investment revenue for retail (small) investors. The investment habit of the small investors particularly has undergone a sea change. Increasing number of players from public as well as private sectors has entered in to the market with innovative schemes to cater to the requirements of the investors in India and abroad.

A-Demonetization:

Demonetization is the act of stripping a currency unit of its status as legal tender. It occurs whenever there is a change of national currency: The current form or forms of money is pulled from circulation and retired, often to be replaced with new notes or coins. Sometimes, a country completely replaces the old currency with new currency. - **According to Investopedia.**

Demonetization for us means that Reserve Bank of India has withdrawn the old Rs 500 and Rs 1000 notes as an official mode of payment. Demonetization is the act of stripping a currency unit of its status as legal tender. On 28 October 2016, the total currency in circulation in India was Rs. 17.77 lacks crore (US$260 billion). In terms of value, the annual report of Reserve Bank of India of 31 March 2016 stated that total bank notes in circulation valued to Rs.16.42 lacks crore (US$240 billion) of which nearly 86% (i.e. Rs. 14.18 lacks crore (US$210 billion)) was 500 and 1000 rupee notes. In terms of volume, the report stated that 24% (i.e. 2,203 crore) of the total 9,026.6 crore banknotes were in circulation

In an important move, the Government of India declared that the five hundred and one thousand rupee notes will no longer be legal tender from midnight of 8th November 2016. The RBI will issue Two thousand rupees notes and new notes of Five hundred rupees which will be placed in circulation from 10th November 2016. Notes of one hundred, fifty, twenty, ten, five, two and one rupee will remain legal tender and will remain unaffected by this decision. This measure has been taken by the PM in an attempt to address the resolve against corruption, black money and counterfeit notes. This move is expected to cleanse the formal economic system and discard black money from the same. The reasons of it are as under:

- To tackle black money in the economy.
- To lower the cash circulation in the country this is directly related to corruption in our country.
- To eliminate fake currency and dodgy funds which have been used by terror groups to fund terrorism in India.
- The move is estimated to scoop out more than Rs. 5 lacks crore black money from the economy.

Similar measures have been taken in the past. In January 1946, currency notes of 1000 and 10,000 rupees were withdrawn and new notes of 1000, 5000 and 10,000 rupees were introduced in 1954. The Janata Party coalition government had again demonetized notes of 1000, 5000 and 10,000 rupees on 16 January 1978 as a means to curb forgery and black money.

Demonetization is defined as act of stripping a currency unit of its status as legal tender. It refers to cessation of current currency and replacing it with new currency. Demonetization is not a new concept in the past also it has been utilized by various countries as well as India to curb currency some failed very badly with this move. Table 1 shows the countries which previously banned the notes and their effects on economy.

Serial No.	**Country**	**Year**	**Effect on Economy Successful/unsuccessful**	**Reason for failure**
1.	Ghana	1982	Made economy weak unsuccessful	People support for black market and investment in physical assets.
2.	Nigeria	1984	Economy collapsed unsuccessful	Debt-ridden and inflation did not take change well.
3.	Myanmar	1987	Unsuccessful	Led to mass protest resulting in killing of many people.
4.	Soviet	1991	unsuccessful	People did not take

	Union			change positively due to poor harvest.
5.				As the purpose was only to replace paper with plastic
	Australia	1996	No side effects	
6.	North Korea	2010	Weak unsuccessful	People left with no food and shelter
7.	Zimbabwe	2015	Weak unsuccessful	Face value one hundred trillion dollars dropped to $0.5 dollar.
8.	Pakistan	Dec 2016	Cannot be predicted	As the people have ample time to get their note exchanged.

Source: Authors creation.Table1: countries which implemented demonetization earlier.

Due to this step adverse impact on Indian mutual funds industry can be evident as: banning on the medium of exchange for commodities will lead to financial crisis reducing the purchasing power of people. It is evident that demonetization has led to money contraction (to the extent of 14 lacks crore) of which the rural population and urban lower and middle as well as informal class are the worst sufferers.

India is still largely dependent on primary activities including agriculture and allied activities as well as activities of informal sector where almost all the transactions are in cash.

Impacts of Demonetization

We highlight the probable consequences of this decision on various economic variables and entities.

1) Effect on parallel economy: The removal of these 500 and 1000 notes and replacement of the same with new 500 and 2000 Rupees Notes is expected to

- Remove black money from the economy as they will be blocked since the owners will not be in a position to deposit the same in the banks,
- Temporarily stall the circulation of large volume of counterfeit currency and
- Curb the funding for anti-social elements like smuggling, terrorism, espionage, etc.

2) Effect on Money Supply: With the older 500 and 1000 Rupees notes being scrapped, until the new 500 and 2000 Rupees notes get widely circulated in the market, money supply is expected to reduce in the short run. To the extent that black money (which is not counterfeit) does not re-enter the system, reserve money and hence money supply will decrease permanently. However gradually as the new notes get circulated in the market and the mismatch gets corrected, money supply will pick up.

3) Effect on Demand: The overall demand is expected to be affected to an extent. The demand in following areas is to be impacted particularly:

- Consumer goods
- Real Estate and Property
- Gold and luxury goods
- Automobiles (only to a certain limit)

All these mentioned sectors are expected to face certain moderation in demand from the consumer side, owing to the significant amount of cash transactions involved in these sectors.

4) Effect on Prices: Price level is expected to be lowered due to moderation from demand side. This demand driven fall in prices could be understood as follows:

- Consumer goods: Prices are expected to fall only marginally due to moderation in demand as use of cards and cheques would compensate for some purchases.
- Real Estate and Property: Prices in this sector are largely expected to fall, especially for sales of properties where major part of the transaction is cash based, rather than based on

banks transfer or cheque transactions. In the medium term, however the prices in this sector could regain some levels as developers rebalance their prices (probably charging more on cheque payment).

5) Effect on various economic entities: With cash transaction lowering in the short run, until the new notes are spread widely into circulation, certain sections of the society could face short term disruptions in facilitation of their transactions. These sections are:

- Agriculture and related sector
- Small traders
- SME
- Services Sector
- Households
- Political Parties
- Professionals like doctor, carpenter, utility service providers, etc.
- Retail outlets

6) Effect on Bank and NBFCs: As people are depositing funds aggressively into the bank accounts we see significant uptick in the CASA of the banks. Due to the sudden decline of the cash economy, transaction through banks will go up significantly going forward, especially in the rural region and hence a strong positive for PSU banks. Though in the short term housing financing companies are going to witness muted growth, however in the long term we could see significant surge in the housing loan demand on account of a) Latent demand for housing in the country b) declining interest rates regime in the medium term and c) possible housing prices decline.

7) Effect on mutual fund industry: Demonetization will lead to increase of cash flow in banking system. This liquidity is also expected to move to Mutual Fund as Investment. Mutual Funds are proven instrument to generate good tax efficient return in long term. This will benefit the mutual fund industry and investors as a whole.

8) Effect on the Equity Markets: Equity market is expected to be volatile in short term because of uncertainty and slowdown in economy. But in long term, GDP and Corporate Earnings are expected to do well which will lead to higher growth in Equity market. Retail participation in stock market is expected to go up through Equity mutual Funds which will lead to increase in Equity Market.

B-MUTUAL FUND:

The **securities and Exchange Board of India** (Mutual Funds) Regulation, 1993 defines a mutual fund "a fund established in the form of a trust by a sponsor, to raise monies by the trustees through the sale of units to the, public, under one or more schemes, for investing in securities in accordance with these regulations".

Mutual fund is the pool of the money, based on the trust who invests the savings of a number of investors who shares a common financial goal, like the capital appreciation and dividend earning. The money thus collect is then invested in capital market instruments such as shares, debenture, and foreign market. Investors invest money and get the units as per the unit value which we called as NAV (net assets value). Mutual fund is the most suitable investment for the common man as it offers an opportunity to invest in diversified portfolio management, good research team, professionally managed Indian stock as well as the foreign market, the main aim of the fund manager is to taking the scrip that have under value and future will rising, then fund manager sell out the stock. Fund manager concentration on risk – return trade off, where minimize the risk and maximize the return through diversification of the portfolio. The most common features of the mutual fund unit are low cost. The below I mention the how the transactions will done or working with mutual fund.

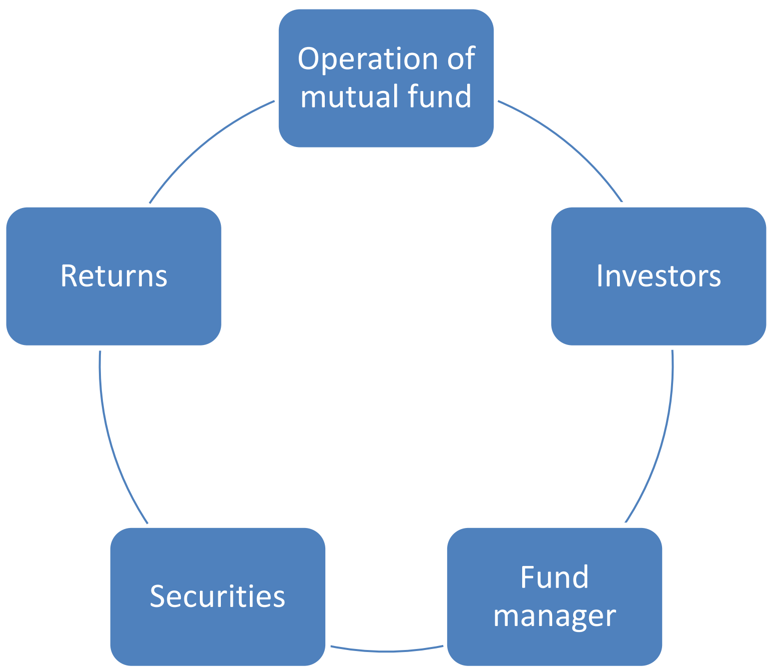
The main objective of mutual fund is to provide a high level of liquidity with returns commensurate with low risk through a portfolio of money market and debt securities with maturity of up to 91 days. However, there can be no assurance that the investment objective of the scheme will be achieved.

According to AMFI (Association of Mutual Fund in India)

A Mutual Fund is a trust that pools the savings of a number of investors who share a common financial goal. The money thus collected is then invested in capital market instruments such as shares debentures and other securities. The income earned through these investments and the capital appreciation realized is shared by its unit holders in proportion to the number of units owned by them. Thus a Mutual Fund is the most suitable investment for the common man as it offers an opportunity to invest in a diversified, professionally managed basket of securities at a relatively low cost. The flow chart below describes broadly the working of a mutual fund.

Organization Structure Of Mutual Funds

Mutual funds have organization strauctures as per ther Security Exchange Board of India guideline, Security Exchange Board of India specified authority and responsibility of Trustee and Aeest Management Companies. The objectives is to controlling, to promoted, to regulate, to protected the investors right and efficient trading of units. Operation of Mutual fund start with investors save their money on mutual fund, than Mutual Fund manager handling the funds and strategic investment on scrip. As per the objectives of particular scheme manager selected scrips.



Source: Authors creation

Figure 1: organization structure of mutual fund

Types Of Mutual Funds

Wide variety of Mutual Fund Schemes exists to cater to the needs such as financial position, risk tolerance and return expectations etc. The table below gives an overview into the existing types of schemes in the Industry.

By Structure

- Open Ended Funds
- Close Ended Funds
- Interval Funds

By Investment Objectives

- Income Funds
- Balanced Funds
- Growth Funds
- Money Market Funds

Other Schemes

- Tax Saving Funds
- Special Funds
- Index Funds
- Sector Specific Funds

Advantage of mutual funds:

Mutual funds have designed to provide maximum benefits to investors, and fund manager have research team to achieve schemes objective. Assets Management Company has different type of sector funds, which need to proper planning for strategic investment and to achieve the market return.

- Increased diversification: A fund normally holds many securities; diversification decreases risk.

- Daily liquidity: Shareholders of open-end funds and unit investment trusts may sell their holdings back to the fund at the close of every trading day at a price equal to the closing net asset value of the fund's holdings.

- Professional investment management: Open-and closed-end funds hire portfolio managers to supervise the fund's investments.

- Ability to participate in investments that may be available only to larger investors. For example, individual investors often find it difficult to invest directly in foreign markets.

- Service and convenience: Funds often provide services such as check writing

- Government oversight: Mutual funds are regulated by the SEC

- Ease of comparison: All mutual funds are required to report the same information to investors, which makes them easy to compare.

Objectives Of The Study:

- To analyze the short term Impact of Demonetization on Net Assets Value of selected public and private sector mutual funds.
- To analyze the medium term Impact of Demonetization on Net Assets Value of selected public and private sector Mutual funds.

Research Methodology:

The study is based on descriptive and comparative research design. The data is secondary in nature which has been compiled from AMFI quarterly report, committee reports and related website. The other source encompass magazines like Economic times, Business standard, Economic survey of banking in India, Banking financial market etc. various journals, research papers, text books, articles have been consulted as a source of secondary information.

For computing the impact of demonetization on mutual fund we take five private sector and three public sector mutual fund companies. We calculate Net assets value for taking 15days data of pre demonetization and 15days data of demonetization and for calculating the long term impact we take 15days data (13^{th} feb2017-6^{th} march2017) of selected mutual funds.

DATA ANALYSIS AND INTERPRETATION:

I. public sector mutual funds:

	NET ASSETS VALUE		
Mutual fund Company	**Before demonetization [(18th oct.-8thnov.) 2016]**	**After demonetization [(9th nov.-30thnov.) 2016]**	**After 64 days of demonetization [(13th feb.-6th march) 2017]**
SBI mutual fund	473.95	451.10	484.04
UTI mutual fund	344.84	309.74	335.67
LIC mutual fund	179.28	178.02	181.63

Table 2: Net assets value of public sector mutual funds

II.Private sector mutual funds:

	NET ASSETS VALUE		
Mutual fund Company	**Before demonetization [(18th oct.-8thnov.) 2016]**	**After demonetization [(9th nov.-30thnov.) 2016]**	**After 64 days of demonetization [(13th feb.-6th march) 2017]**
ICICI prudential Mutual fund	334.06	319.53	315.67
HDFC mutual Fund	692.3	648.13	706.00
Reliance mutual Fund	475.25	434.83	482.97
Kotak Mahindra Mutual fund	424.87	389.76	430.50
L&T mutual Fund	444.7	418.65	463.59

Table 3: Net assets value of private sector mutual funds

Short term Impact of Demonetization on Net Assets Value of selected public sector mutual funds

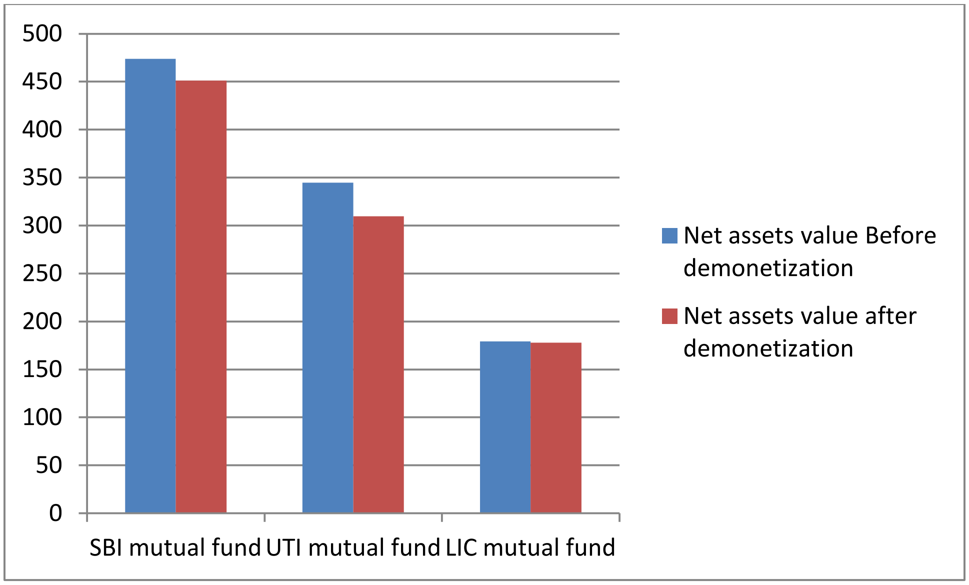


Figure3:

I. Short term Impact of Demonetization on Net Assets Value of selected private sector mutual funds

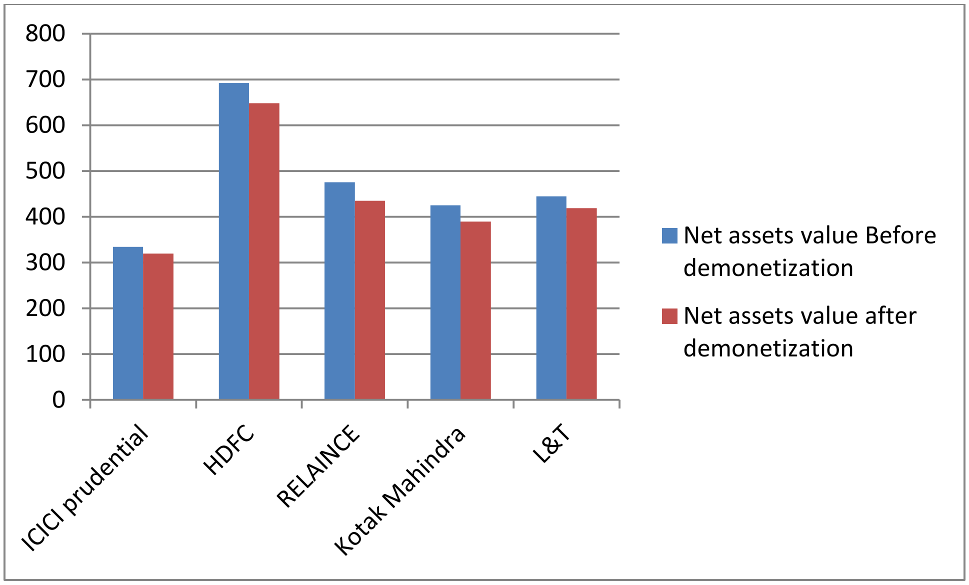


Figure 4

II. Long term Impact of Demonetization on Net Assets Value of selected public sector mutual funds

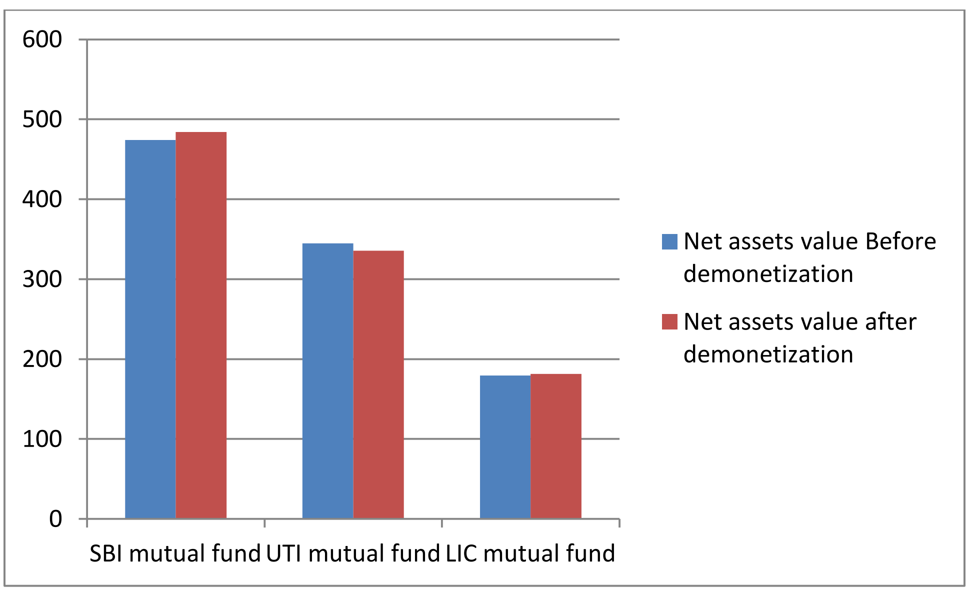


Figure 5:

III. Long term Impact of Demonetization on Net Assets Value of selected private sector mutual funds

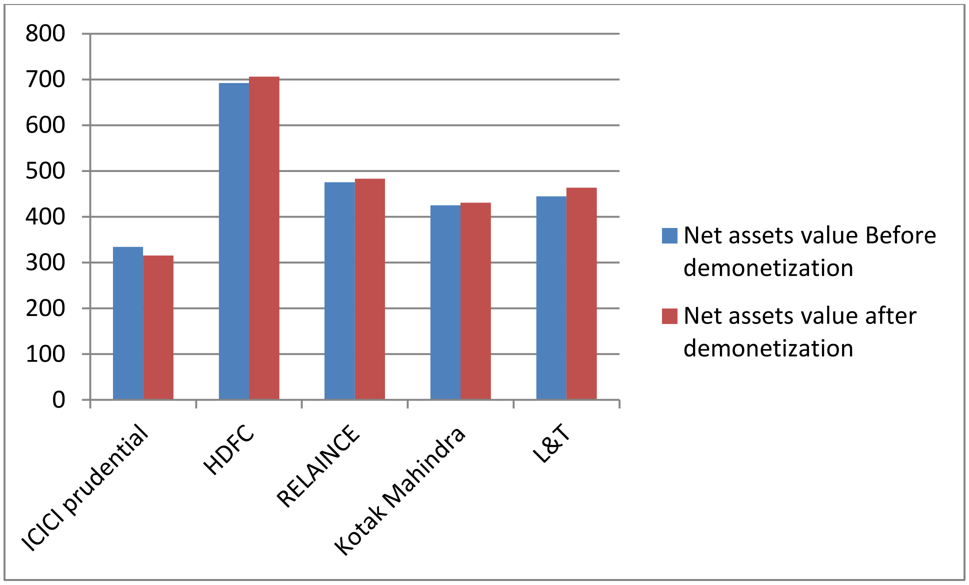


Figure 6:

Findings

I. With the help of figure no.3, we found that Short term Impact of Demonetization on Net Assets Value of selected public sector mutual funds have been negative impact.

II. With the help of figure no.4, we found that Short term Impact of Demonetization on Net Assets Value of selected private sector mutual funds have been negative impact.

III. With the help of figure no.5, we found that long term Impact of Demonetization on Net Assets Value of selected public sector mutual funds have been not more positive impact as copier than private sector.

IV. With the help of figure no.6, we found that long term Impact of Demonetization on Net Assets Value of selected public sector mutual funds have been positive impact and it proved more beneficial for private sector mutual funds.

Conclusion

Mutual funds have already attracted the attention of worldwide investors and academicians but most of the existing research available is on either accelerating the return on funds or comparing it with benchmark fund schemes. The demonetization undertaken by the government is a large shock to the economy. The impact of the shock in the medium term is a function of how much of the currency will be replaced at the end of the replacement process and the extent to which currency in circulation is extinguished. While it has been argued that the cash that would be extinguished would be “black money” and hence, should be rightfully extinguished to set right the perverse incentive structure in the economy, this argument is based on impressions rather than on facts.

We found huge investment in mutual sector after demonetization, for taking 80(c) deduction people invest more and more money in mutual fund sector. From all over the analysis we conclude that short term impact of Demonetization on Net assets value of selected private and public sector mutual have been negative and long term impact have been positive for both sector but it proved more beneficial to private sector as long term way.

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Agricultural Marketing in India: It's Prospects & Challenges

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ABSTRACT

Agricultural marketing consists of all the activities which are involved in the movement of agricultural produce from producers/farmers to consumers. It is the base of most of the economic activities of a country. It brings marketable surplus to the market for sale. Farmers could be able to keep a portion of their produce for self-consumption and cattle and the remaining portions are left for sale. Higher level of marketable surplus leads to greater economic development. This paper deals with the present scenario of agricultural marketing in India. It also highlights the agencies working under its scope, the problems, limitations and challenges of the same. In the end of the paper, there is an attempt to provide some suggestions for effective and efficient agricultural marketing.

Keywords: Agricultural Marketing, Services, Agencies in Agricultural marketing, Problems & Prospects

Introduction

Agriculture plays a vital role in India's economy. Over 58 per cent of the rural households depend on agriculture as their principal means of livelihood. Agriculture, along with fisheries and forestry, is one of the largest contributors to the Gross Domestic Product (GDP). As per the first advanced estimates by the Central Statistics Office (CSO), the share of agriculture and allied sectors (including agriculture, livestock, forestry and fishery) is expected to be 17 per cent of the Gross Value Added (GVA) during 2016-17 at 2011-12 prices.

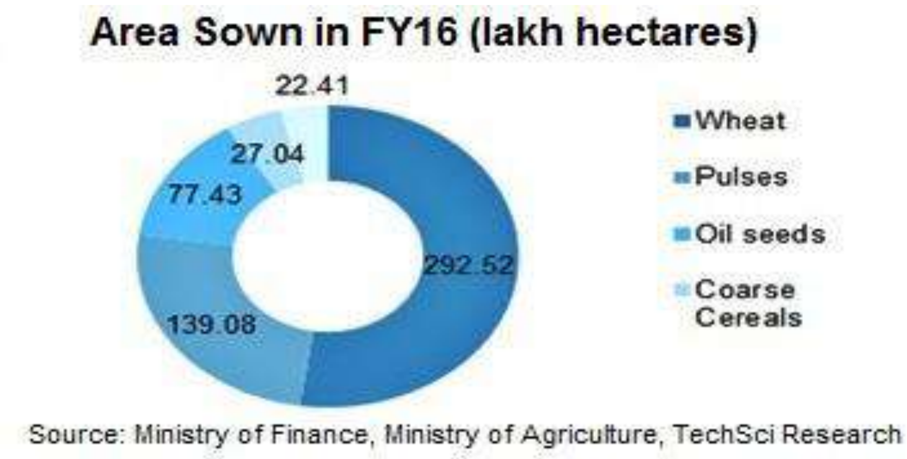
India is the largest producer, consumer and exporter of spices and spice products. India's fruit production has grown faster than vegetables, making it the second largest fruit producer in the world. India's horticulture output, is estimated to be 287.3 million tonnes (MT) in 2016-17 after the first advance estimate. It ranks third in farm and agriculture outputs. Agricultural export constitutes 10 per cent of the country's exports and is the fourth-largest exported principal commodity. The agro industry in India is divided into several sub segments such as canned, dairy, processed, frozen food to fisheries, meat, poultry, and food grains.

India's gross domestic product (GDP) is expected to grow at 7.1 per cent in FY 2016-17, led by growth in private consumption, while agriculture GDP is expected to grow above-trend at 4.1 per cent to Rs 1.11 trillion (US$ 1,640 billion), according to Central Statistics Office (CSO).

As per the 1st Advance Estimates, India's food grain production is expected to be 135.03 million tonnes in 2016-17. Production of pulses is estimated at 8.70 million tonnes. India, the second-largest producer of sugar, accounts for 14 per cent of the global output. It is the sixth-largest exporter of sugar, accounting for 2.76 per cent of the global exports.

Groundnut exports from India are expected to cross 700,000 tonnes during FY 2016-17 as compared to 537,888 tonnes during FY 2015-16, owing to the expected 70 per cent increase in the crop size due to good monsoons. India's export of grapes to Europe and China are expected to increase by 10 to 20 per cent this year on back of higher production on account of good monsoon and higher demand due to competitors such as Chile shifting focus to US market. Spices exports from India grew by 5 per cent in volume and 7 per cent in value year-on-year to 4,37,360 tonnes valued at Rs 84.2 billion (US$ 1.24 billion) respectively during April-September 2016, according to the Spices Board of India.

Indian agrochemical industry is expected to grow at 7.5 per cent annually to reach US$ 6.3 billion by 2020 with domestic demand growing at 6.5 per cent per annum and export demand at 9 per cent per annum.[i]



- **Agricultural Marketing**

"Agricultural marketing can be defined as the commercial functions involved in transferring agricultural products consisting of farm, horticultural and other allied products from producer to consumer. Agricultural marketing includes all activities involved in moving agricultural produce from producer to consumers through time (storage), space (transport), form (processing) and transferring ownership at various levels of marketing channels." (Rehman & Selaraj & Ibraham, 2012)[ii]

Agricultural marketing consists of two major concepts viz., "agriculture" and "marketing". The first concept agriculture aims at producing the agro food products with the use of natural factors for the welfare of human. It is fully dependent on natural processing. The second concept marketing refers to the activities that are done by the business organizations to promote their products and services to their targeted customers. In marketing the targeted customers can be attracted and maintained by creating strong customer values for them in the organization. It is possible through, effective market survey, market trending, better customer service and satisfaction, customer focus and continuous follow up.

The concept agricultural marketing includes many activities starts from production process till its retailing. The activities involved are production planning, cropping and harvesting, warehousing, grading, transportation and final distribution. There are varieties of agro products which are produced with dual purpose of domestic consumption as well as exporting. In the chain of agricultural marketing number connecting links such as farmers, suppliers, functionaries, importers, exporters, external beneficiaries and customers are involved.

According to the National Commission on Agriculture (XII Report, 1976), agricultural marketing is a process which starts with a decision to produce a saleable farm commodity, and it involves all the aspects of market structure or system, both functional and institutional, based on technical and economic considerations, and includes pre- and post-harvest operations, assembling, grading, storage, transportation and distribution.

Objectives

The purpose of the study includes these aims to be achieved in the course of this paper:

1. To study the scenario of the agricultural marketing.
2. To analyses the objectives and challenges of Agricultural Marketing in India.
3. To reviews the Present Constraints and Reforms Agricultural Marketing.

Review of Literature

- **Vadivelu and Kiran (2013)**[iii]said that bringing necessary reforms coupled with proper price discovery mechanism through regulated market system will help streamline and strengthen agricultural marketing. In order to avoid isolation of small-scale farmers from the benefits of agricultural produce they need to be integrated and informed with the market knowledge like fluctuations, demand and supply concepts which are the core of economy.
- **Kiruthiga, Karthi, Daisy (2015)**[iv]said The agricultural marketing plays a vital role in easy way agro produce distribution to the customers. Like all the marketing activities, it also aims in profit making. It helps the farmers to reach their customers within very short lead time.
- **Elamathi (2013)**[v]explained in his paper that a good marketing system is one, where the farmer is assured of a fair price for his produce and this can happen only when the following conditions are obtained. The number of intermediaries between the farmer and the consumer should be small; the farmer has proper storing facilities so that he is not compelled to indulge in distress sales, Efficient transport facilities are available; the malpractices of middlemen are regulated, Farmers are freed from the clutches of village moneylenders and Regular market information is provided to the farmer.
- **Rehman (2012)**[vi] highlighted some of the organizations and institutions that provide direct and indirect agricultural marketing and allied services for the ease and accessibility to the producer/farmer on one side and the consumer on the other. The paper also highlighted some alternative services available in agricultural marketing in India that could provide additional value in the agricultural development.
- **Rehman, Ibrahim and Selavaraj (2012)**[vii]stated that the Indian agriculture into focus especially the regulated agriculturalmarketing system, the reforms in the structure of agriculture its growth, current position and future. The study also highlights the major problems and challenges that the regulated agricultural market share facing. In the end the study gives suggestions for making regulated agricultural marketing a healthy transformation for economic development of India.

- **Bissa & Vyas (2014)**[viii]has saidthat the availability of marketing infrastructure in the country is not adequate. There is also a considerable regional variation in the availability of marketing infrastructure in the country but more focus on infrastructure development will reduce transportation costs, market risks in such a way that in the days to come Indian agriculture produce not only become globally competitive but also find a place in the International shelf.
- **Kalotra(2014)**[ix] explained in his study that a review of rural markets‟ environment, Problems and strategies in India. Rural marketing has become the latest mantra of most corporate even MNCs are eyeing rural markets to capture the large Indian market. The rural market consist 70 percent population, twice as entire market of USA and would become bigger than total consumer market in countries like South Korea, and Canada in another 20 years. It exhibits linguistic, regional and c u l t u r a l diversities a n d economic disparities. Increase in purchasing power fuelled lot of interest, several companies are exploring cost effective channels like HUL/ITC/Colgate/Godrej/Nokia/BPCL.
- **Roy & Kumar(2012)**[x]has focused possible impact in agricultural marketing. A micro level survey in the agricultural marketing sector reveals that though the impact is likely affect self-employment of the people like small businessmen and middlemen, the farmers are likely to be benefited in absence of public sector marketing infrastructure. Farmers are extremely distressed and needs desperately some scope for marketing their produce with at least a reasonable margin which the Government till date has failed to provide.
- **Kumar & Kavita (2014)**[xi]have reported that Global experiences show that FDI in retail can sometimes negatively impact consumers and economy if corporate retailers adopt anti-competitive practices such as rapacious pricing. In India, the Competition Act 2002 has provisions to check exploitation of dominant position by major players, including predatory pricing. In the Act, dominant position is defined as “a position of strength, enjoyed by an enterprise, in relevant market, in India” (The Competition Act, 2002, No.12 of 2003, pp. 9). To protect the interest of consumers, the Act can be further strengthened.

Research Methodology

The research is exploratory in nature. It is descriptive and compiled from various internet sources and government websites. The purpose of the study is to find out aboutthe present scenario of agricultural marketing in India which is depicted in this article through tables and graphs and is theoretical in nature.

Problems and Prospects of Agricultural marketing

- There are several challenges involved in marketing of agricultural produce.
- There is limited access to the market information, literacy level among the farmers is low, multiple channels of distribution that eats away the pockets of both farmers and consumers.
- The government funding of farmers is still at nascent stage and most of the small farmers still depend on the local moneylenders who are leeches and charge high rate of interest.
- There are too many vultures that eat away the benefits that the farmers are supposed to get.
- Although we say that technology have improved but it has not gone to the rural levels as it is confined to urban areas alone.
- There are several loopholes in the present legislation and there is no organized and regulated marketing system for marketing the agricultural produce.
- The farmers have to face so many hardships and have to overcome several hurdles to get fair and just price for their sweat.
- In agricultural retailing, FDI is not permitted in general. FDI has been permitted under automatic route in Floriculture, Horticulture, Development of seeds. Aqua-culture, Cultivation of mushrooms with the objective of promoting improved technology. In Tea plantation FDI up to 100 percent is permitted with prior approval and some restrictions. The share of FDI flows in agricultural sector regarding better seeds and improved technology is very low.

Problem of Awareness and Dissemination of Information:

The awareness on market information in general was found to be relatively poor in case of farmers as compared to the traders since the accessibility of market information in terms of communication systems is very poor in case of farmers. The status of assets on audio visual and communication systems of farmers clearly indicated that radio followed by television were the only assets owned by small farmers. The advanced communication systems like mobile phones were owned by medium and large farmers. A few large farmers also subscribed to agriculture magazines like Annadata, Krishimunnade and Krishipete. However, traders with all the modern and advanced communication gadgets were able to source the market information easily and regularly. The awareness on market information pertains to only arrivals and prices in local markets in all the categories of farmers. The other important production and marketing parameters like post harvest handlings, grading and standardization, etc were not known to the small and medium farmers but a few large farmers were aware of them. However, the traders were better informed on market information including arrivals, prices, quality/ standardization, area, prices in reference markets, imports and exports. The illiteracy of farmers (75%) might have contributed to the poor awareness on market information by farmers as compared to traders, wherein 82 per cent of the traders were with collegiate education. Thus, due to poor awareness on market information by farmers vis-à-vis traders the advantages of regulated and orderly market were not realized by the farmers.

Challenges

Some basic challenges are present in agricultural marketing system as listed below –

1. Limited Access of Agriculture Produce Markets: There is a huge variation in the density of regulated markets in difference parts of the country, which varies from 118 sq. km. in Punjab to 11,214 sq.km. in Meghalaya.
2. Licensing Barriers: The compulsory requirement of owning a shop/go down for licensing of commission agents/traders in the regulated markets has led to the monopoly of these licensed traders acting as a higher entry barriers in existing APMCs for new entrepreneurs thus preventing competitions.
3. Lack of Market Infrastructure in Agriculture Market: Studies indicate that covered and open auction platform exists only in two-thirds of the regulated markets, while only one-fourth of markets have common drying yards. Cold storages units exist in less than one tenth of the market and grading Facilities in than one third of the markets. Electronic weigh-bridge is available only in a few markets.
4. High Incidence of Market Charges: APMc's are authorized to collect market fee ranging between .5% to 2% of the sale value of the produce. In addition commission charges vary from 1% to 2.5% in food grains and 4% to 8% in fruits and vegetables. Further other charges such as purchase tax, weighment charges and hammal charges are also required to be paid. In some states this works out to total charges of about 15% which is excessive.
5. High Wastage in Supply Chain: Study conducted by ICAR (2010) shows that the post harvest losses of various commodities range from 3.9 to 6% for cereals, 4.3 to 6.1% for

pulses, 5.8 to 18% for fruits and 6.8 to 12.4 for vegetables. The total past harvest losses of agriculture commodities have been estimated at about Rs. 44,000 crores at 2009 whole prices.

6. Long Gestation Period of Infrastructure: Projects and seasonality of agriculture produce agriculture marketing project have a long gestation period. The seasonality and aggregation of small surplus of agricultural produce further affect the economic viability of the projects, which daters investments.
7. Lack of National Integrated Markets: Under the present system, the marketable surplus of one area moves out to consumption centers through a network of middleman and traders, multiple market area and institutional agencies.
8. Less former's Price Realization: The share of farmers in consumer's price is very low particularly in perishables to a number of intermediaries, lack of infrastructure and poor holding capacity.
9. Large Number of Marketing Channels with Long Supply Chain: Traditionally the normal agriculture marketing in the country is fairly long with a large number of intermediaries between the producers and consumers, adding up more of costs without adding significant value.

Suggestions

1. Marketers need to design creative solutions like e-marketing to overcome challenges typical of the rural environment such as physical distribution, channel management promotion and communication. The “anytime anywhere” advantage of e-marketing leads to efficient price discovery, offers economy of transaction for trading and more transparent and competitive setting.

2. More aggressive training should be given to farmers to make them aware about the different services of agricultural Marketing and their benefits.

3. The supply chain in agricultural marketing is long and has increased the margin between the price received by the farmer and the price paid by the consumer. Tightening of the supply chain is called for and the role of the farmer’s organizations, Cooperatives/Self Help Groups needs to be expanded. To begin with these organizations could aggregate the farmer’s produce and improve post-harvest handling**.**

4. Direct marketing by farmer needs encouragement and support by providing them opportunities for direct sale to consumers in the regulated markets and also by developing special markets/bazaars for the purpose. Sale of graded produce could fetch better price to the farmer, reduce the time taken in effecting sale at the market yard and lead to greater clearness in auctions etc.

5. The agriculture sector needs well-functioning markets to drive growth, employment, and economic prosperity in the rural areas of the country. In order to provide vitality and competence to the marketing system, large investments are requisite for the development of post-harvest and cold chain infrastructure near farmers' fields.
6. Enabling policies also need to be put in place to encourage the procurement of agricultural commodities directly from farmers' fields and to establish an effective linkage between farm production, the retail chain, and food processing industries.
7. There is a need for fixing quality standards for all agricultural commodities and introducing necessary grading for sale in the regulated market in a phased manner.
8. The government must examine its policies and regulations with view to strength the marketing network and ensure that prices are being determined on competitive basis and markets are being manipulated. Indian agriculture needs further improvement as agriculture continuous remains as a source of livelihood to majority of the population in India.

Implications Of The Study

The study is based on overall impact of agricultural marketing in India. It involves the present situation of agricultural marketing and its problems and challenges. It also deals with various services under it. However, more in-depth study can be done on this topic by reaching to farmer, analyzing their level of awareness, evaluating what they think about the schemes and measure under international marketing. More studies are being done on agriculture which are more based on figures available on RBI website or through economic surveys. These can be hypothesized through primary sources which would also go a long way in determining the implacability of this stream of marketing.

Limitations

The limitation of the study is that it is derived from secondary sources till 2016. Any changes in the sources may impact the findings of the study. The authenticity of the data available may be questioned by the readers on its availability and reliability. The study is purely a theoretical based outcome. This involves tables and figures from government website, however the facts and figures are subject to change or fluctuate.

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Green Banking: Prospects and Problems

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Abstract

Green Banking means combining operational improvement, technology and changing client habits in banking business. Green banking is the operational of the banking activities giving special attention upon the social, ecological and environmental factors aiming at the conservation of nature and natural resources. Green Banking has becomes a buzz world in today's banking world. It means developing including banking strategies which will ensure substantial economic development and promoting environmental practices as well. It is a win-win situation for all to bring benefits in an increasingly competitive market place. Banks are already offering many of the service necessary for business to enjoy these benefits. Bank can be green through bringing changes in six main spheres of banking activities. Those are change in Deposit Management, Change in House Keeping, and Change in the Process of Recruitment and Development of Human Capital, Corporate Social Responsibility (CSR), and Making Consciousness Among clients and General Mass. Such an initiation can ensure a safe residence for upcoming generation. This paper has made an attempt to highlights the major benefits, confronting challenges, strategic aspects of Green Banking, Green Banking Policies, and Environmental issues. It has also presented the status of Indian banks as far as Green Banking adoption is concerned. It is found that there has not been much initiative in this regard by the banks in India, though they play an active role in India's emerging economy. Banks should go green and play a proactive role to take environmental and ecological aspects as part of their lending principle. This would force industries to go for mandated investment for environment management, use of appropriate technologies and management systems. They must be more vocal about the inherent green value proposition.

Key Words:"*Green Banking, Green Banking Policies, Banking Strategy, Banking Challenges, Environmental issues*."

Introduction

As environment issues gain greater attention, pressure is being placed on all industries, including financial services to implement “Green” initiatives, which green banking is not yet a key reason for most customers to select one financial institution over another. Customer demands and greater environmental awareness are driving a number of financial institutions to go green. Environment is a key focus amongst ethical banks (in this field specially called sustainability or green banks) as well as amongst many conventional bank that wish to appear more ethically oriented or that see switching to more environmental practices to be to their advantage. In general bankers consider themselves to be a relatively environmentally friendly industry (in terms of emissions and pollution). However given their potential exposure to risk, they have been surprisingly slow to examine the environmental performance of their clients.

As far as internal ethics of banks are concerned, it starts with the well being of employer, employee and customers’ satisfaction, benefits, wages, unionization, fair sex and race representation and the banks environmental standing. Environmentally the potential combined effect of banks switching to more environmentally friendly practices. Examples - less paper use, less electrical use, solar power, energy efficient is huge. However when compared with many other sectors of the economy banks do not incur the same burden of energy, Water and Paper use. Bank can also develop more sustainable products, such as environmental, social or ethical investment funds.

The banking sector influences the economic growth and quality and quantity, there by changing the nature of economic growth. Banking sector is one of the major sources of financing investments for the most important economic activities for economic growth. Therefore, banking sector can play a crucial role in promoting environmentally sustainable and socially responsible investment.

The term Green Banking has transformed into a catchphrase in global contemporary issues of banking. It is after used interchangeably with terms such as ‘ethical banking’, ‘sustainable banking’ and ‘socially responsible banking’. Green Banking is a general term covering a wide area of activities. It is an effort by the banks to make the industries growth green and in the process restore the natural environment. A green financial product or service may be define as one, which reduces environmental damages, conserves natural resources and mitigate negative direct or indirect impact of banking activities Green Banking and green financial product stress on environmental aspect. Institutional investors, such as, banks are rapidly extendly beyond their goal of maximizing shareholder wealth. They are increasingly expected to become green by having goals of environmental consciousness, social responsibility, and good governance.

Banking sector is generally considered as environmental friendly in terms of emissions and pollutions. Internal environmental impact of the banking sector such as use of energy, paper and water are relatively low and clean. Environmental impact of banks is not physically related to their banking activities. Therefore, environmental impact of bank's external activities is huge though difficult to estimate. Moreover, environment management in the banking business is like risk management. It increases the enterprise value and lowers loss ratio as higher quality loan portfolio results in higher earnings. Thus, encouraging environmentally responsible investments and prudent lending should be one of the responsibilities of the banking sector. Further, those industries which have already become green and those, which are making serious attempts to grow green, should be accorded priority to lending by the banks. This method of finance can be called as **"Green Banking"**, an effort by the banks to make the industries growth green and in the process restore the natural environmental. This concept of "Green Banking" will be mutually beneficial to the banks, industries and economy. Not only "Green Banking" will ensure the greening of the industries but it will also facilitate in improving the asset quality of the banks in future.

What is Green Banking?

Green Banking is like a normal bank, which considers all the social and environmental / ecological factors with an aim to protect the environment and conserve natural resources. It is also called as an ethical bank or a sustainable bank. They are controlled by the same authorities but with an additional agenda toward taking care of the Earth's environment/ habitats/ resources. For banking professionals Green Banking involves the tenets of sustainability, ethical tending, conservation and energy efficiency.

Objective of the Study

The main objective of the study is to analyze the prospects, get acquainted with the green banking practices of the banking institutional of India. But the specific objective of the study to promote green banking among beneficiaries and in the banking sector. Also we tried to focus on the process of adopting green banking policy, environmental issue, banking challenges, banking strategy, green banking. In particular, it is aimed to-

- To study management of environmental risk and identify opportunities for innovative environment friendly financial products.
- To study environmental and control regulations regarding green banking in India.
- To design proper environmental management system in the investment projects.
- To create awareness about green banking among the general public and consumers and bank employees.
- To check the awareness of green banking among bank employees, associates and general employees.

Methodology of the Study

This article is mainly based on secondary data collection from several reliable sources. The sources of secondary data are annual reports of Indian banks and various commercial banks, various reports on green banking in India published by government of India (GOI), Reserve Bank of India (RBI), World Bank and research studies taken up by the scholars. A thorough research was carries out for a period of 6- months when we taken with several bank bodies and finally this article is chalked. The investigation will be helpful for the readers and researchers.

Theoretical overview of Green Banking

1- History of Green Banking:

Green Banking is any form of banking from that the country and nation gets environmentally benefits. An orthodox bank becomes a green bank by directing its core operational toward the betterment of environment. The banking sector can play an intermediary role between economic by promoting environment protection by promoting environmentally sustainable and socially responsible investment. The concept of green banking was developed in the westem countries. Green Banking was formally started in 2003 with a view to protecting the environment. Then the Equator Principles (EPs) were launched and were initially adopted by some leading global banks, such a citigroup Inc. the Royal bank of Scotland, etc. In Mrch-2009, Congressman Chris Van Hollen of USA introduced a Green Bank Act with aim of establishing a green bank under the ownership of the US Government. Green Banking undertakes pro-active measures to protect environment and to address climate change challenges while financing along with efficient use of renewable, non-renewable, human and natural resources.

2- Features:

Some important features of green banking operations are as follows:

- Bank can help environment through automation and online banking.
- Green Banking focuses on social safety and security through changing the negative impacts of the society.
- In financing, it always gives priority to investments/ loans which consider risk factors regarding environmental conditions.
- It always cares for sustainable and green growth in industrialization and for social purposes.
- It creates a congenial atmosphere inside and outside the bank.
- It helps institutions; men and the nation in general live with dignity.
- It reduces cost and energy, thus saving money and increasing GDP of a country.
- It changes the mental faculties of the officials and customers, in line with green sensibilities.

3-Policy Guidelines for Green Banking:

We are aware that global warming is an issue that calls for a global response. The rapid change in climate will be too great to allow many eco-systems to suitable adapt, since the change have direct impact on biodiversity, agriculture, forestry, dry land, water resources and human health. Due to unusual weather pattern. Rising green house gas, declining air quality etc. society demand that business also take responsibility in safeguarding the planet. Green Finance as a part of Green Banking makes great contribution to the transition to resource efficient and low carbon industries i.e. green industry and green economy in general. Green Banking is a component of the global initiative by a group of stake holders to save environment.

Justification of the Study:

Climate change is the most complicated issue the word is facing. Across the global there have been continuous endeavors to measure and mitigate the risk of climate changes caused by human activities. Many countries over the word have made commitments necessary to mitigate climate change. As socially responsible corporate citizen, Indian banks have a major role and responsibility to support and supplement the government effort towards substantial reduction in carbon emission.

Normally we can consider the banks as environment friendly institution with their operational activities but it is important that the environment can be effected greatly by the activities greatly by the activities of their customers. The banking sector is one of the major sources of financing for commercial project for such as Brick field, Stael, Paper, Textile, etc. Which cause maximum carbon emission. Therefore, the banking sector can play intermediary role between economic development and environment protection, for promoting environmentally sustainable and social responsible investment.

Therefore, to adopting green banking, bankshould adopt technology, process, and products which results in substantial reduction of their carbon footprint as well as develop sustainable business.

Now-a-days global warming is a key issue of the world and green banking might be the answer of this burning question. Assessing the available literature it has been found that no profound work has been done on this topic till now. As it is a very novice topic for country like India. That's why working on this contemporary topic is important for the greater interest of people in fact, the work has economies justification from theoretical and practical view point.

Green Banking: Conceptual Issues:

Green Banking means eco-friendly or environment friendly banking to stop environment degradation to make this planet more eco-friendly. The concept of Green Banking is attached to Triodos Bank (established in 1980) from Dutch origin which resumed the environmental sustainability in the banking sector from the very first day. In the years 1990 the bank starts 'Green Fund' for funding environment friendly project and all others project follow later. Taking example from this bank all over the world has commissioned green initiatives in the banking sector. It may be referred as an ethical banking/ social banking as there is a strong building block which is Corporate Social Responsibility (CSR) within the agenda of green banking. CSR blind blanks in a relation with society/ people showing the caring face of it in different situation, specially, in crisis period. It also is regard as sustainable baking, which has a role to safeguard the planet from environmental degradation, with the aim of ensuring sustainable economic growth.

Tools used for Green Banking:

Various tools or banking products/ services used for green banking initiatives in India are s follows:

I. **Green Deposit-** Banks offer higher interest rates on commercial deposits money market accounts, checking accounts, and saving accounts if customers choose to conduct their banking activities through online.

II. **Mobile Banking-** Mobile Banking is the most widely used green banking service of the banking Industry. This product allows the customers to check balances, transfer funds or pay bills from mobile phone. It also saves time and energy & in reducing massive use of energy and paper of the bank. Most of the banks in India have introduced this paper less facility.

III. **Green Credit Card-**A green credit card can help card-holder to earn rewards or points which can be redeemed for contributions to eco-friendly charitable organizations. These cards usually offer an excellent incentive for consumers to use their green card for their expansive purchases.

IV. **Green Mortgages and Loans:** Banks offer green mortgage with better interest rate or terms for energy efficient business. Some green mortgages allow home buyer to enjoy 15% of the price of their house into loans for upgrades including energy – efficient windows, solar panel, geothermal heating or water heaters. The saving in monthly energy bills can also o the offset higher monthly mortgage payments and save money in the long run.

V. **Green Reward checking Accounts:** A bank products called reward checking accounts allows a bonus rate for customers who go green. Customers can earn higher checking account rates if the meet monthly requirements that might include receiving electronic statements, paying bills online or using a debit or credit card. This banking product combine higher rates along with eco-friendly living.

Major Findings

1- Change in Investment management

- **Finance in Environment Friendly Project:** Banks should ensure finance in projects those are environment friendly or ethical in nature. It is necessary to give special concentration upon their financing so that the project or any of its parts they have taken or going to take in hand will not be threat for the environment. Investment should be increased for projects installing solar energy plant, bio-gas, and/or others renewable energy plants, bio-fertilizer plants, Effluent Treatment Plant (ETP), Hybrid Hoffman Kiln project for the production of brick etc. At lower interest and utmost care. They should take proper steps in shielding the production of hazardous carbon from their projects.

- **Investment in Waste Management projects:** Banks should invest in projects to manage waste material harmful environment specially produced by those mills and factories draining such components to rivers, rivulets, canals, and others water bodies and continuously doing harm to the environment. They should ensure proper management of waster bringing necessary chemical changes in components to make it environment friendly through their projects.
- **Environmental Risk Rating before Investment:** banks should invest in a project after assessing its environmental or climatic risk. They should rate the presence of factors harmful for environment and its degree. Investment should only be given after being insured about the proper management of those harmful components. Banks can bring Green Home Loan, Green car Loan and other newer products in this regard.

2- Change in Deposit Management:

- **Making every Deposit Products Environment Friendly:** Deposits of clients are the main sources of money for every bank. So, banks provide different deposit services to their clients. All of such deposit products should be made environment friendly and should be brought under online management.
- **Implementation of Alternative delivery Channel and Online banking:** Now day’s alternative Delivery Channels are ensuring modern banking facilities. Most common alternative Delivery Channels are ATM Cars, Credit card, Debit card, Mobile Banking, Online Banking, and Internet Banking Etc.

3- Change in Housekeeping: Uses of papers encourage flattening of plants and leads the environment to destruction. Considering this, banks should lesson the use of papers otherwise introduce the use of recyclable papers. They should stop unnecessary pointing and in need print on both sides of a paper and use ecofonts while printing. Storage of all necessary information should be ensured through establishing electric data bank like EDW or Enterprise Data Warehouse. E-Tendering system should be introduced in purchasing necessary stationeries and other, notice, account statement, invitation letter, thanking letter should be taken under electronic system like E-mail and mobile SMS etc. All the staff member should be made conscious in this regard.

4- Change in the Process of Recruitment and Development of Human Capital: Banks should start E-recruitment system while recruiting human capital. They can provide salary and bonus etc. through online system and can grow their human capitals as environment specialist and welfare worker along with making then skilled baker. Skills and consciousness can also be developed through arranging seminars symposiums time to time. Dividing the whole human capital of the institution into several cluster or groups and involving them in different environment friendly activities may help the proper implementation of Green Banking.

5- Corporate Social Responsibility (CSR): Now days every bank is playing vital roles in CSR concern. This is the responsibility of an institution upon society where it is established. CSR can act in the following way in establishing Green Banking.

- **Funding to combat against climatic change:** Banks can make special fund to combat against climatic change and ensure its proper utilization. They can help environmentalist NGOs or other such organizations through this fund. Internal human resources of the bank can also play roles in this regard.
- **Combat against Natural Disasters and assisting there after:** Banks can play direct or indirect roles in combating natural disasters. Providing monetary supports, relief goods after such diver situation will assist the victims to survive in the newer environment.
- **Policy Formulation and report making:** Banks should formulate policies and make reports on Green Banking and analyze those reports to take necessary steps to ensure green environment through CSR.
- **Making Consciousness Among Clients and General Mass:**Banks should arrange several seminar and symposiums to make their client conscious regarding Green Banking

as well as o introduce their Green Products and advantages therein. This can ultimately make the clients habituated to the Green Banking activities.

Recommendations:

- RBI must monitor the green banking practices of the banks.
- Government should encourage and try to create awareness about green banking among mass people.
- Co-ordination among concerned authorities is a must.
- Borrowers must be encouraged about going green.
- Green banking guidelines must be applied in an efficient manner.
- A data base can be developed for technical assistance.
- Sharing knowledge and technical knowhow within peer group could be of immense help.
- Authority must try to develop more effective issues to make banking sector greener and more ethical.

Conclusion:

Green Banking has becomes a buzz word in today's banking world. For going green products electronic compliances, motor vehicles etc. for eco-friendly atmosphere. Automation and improved in house green activities, required and rigorous training program for top/mid/lower level management and at the same time clients as well need to be carried on. Board/Competent authority should be aware and update of the current green banking activities and development. Green banking now is not only limited to awareness but also in practice. It is now expected from all scheduled banks that they would not only allocate budget for green finance, green event or green project under CSR activities, green marketing and capacity building but ensure the efficient utilization of budget allocation. Finally we can say that going green & green banking should be the motto of all commercial banks.

RBI has issued different circulars time to time regarding modernization of green Banking practice and its proper implementation. If every bank formulates their work plan following those rules and works collectively of green banking activities in India .It will then help earth in regaining Green Environment and ensure safe residence for our off-spring. Only the collective approach of both the clients and bankers can make this a true.

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A Study of Selected Macroeconomic Variables on Current Account Deficit

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Abstract

The research, "a study of selected macroeconomic variables on current account deficit" has been carried out for the time period of 2005-06 to 2014-15 (10 years).The cause and effect relationship was checked by regression model using PASW 18 software. Since, the time series data was employed, the results were analyzed and interpreted that the GDP has no significant impact on Current account deficit but FDI, FII and IIP have significant impact on current account deficit.

Key Words*:* *Macroeconomic variables, current account deficit, Regression, India*.

Conceptual framework:

Foreign Institutional Investors (FII's): FII's are allowed to trade securities in both the primary and secondary capital markets. They are not allowed to hold more than 10 percent of paid up capital in an Indian company so they are typically associated with the secondary capital market (where previously issued financial instruments are traded) as they tend to be passive in nature. As FII's do not hold a major share percentage in a company, these capital flows tend to be short term and volatile in nature. A high portion of our capital account being credited by FII's leaves our external sectors vulnerable to shocks in the global economy or fluctuating foreign investor sentiment. For instance, there were very significant capital outflows after 2008 financial crisis in America. In recent months, the US Federal Reserve's chairman Ben Bernanke's statement indicating that the Fed could taper down their policy of Quantitative Easing caused capital outflows further worsening our current account deficit.

Foreign Direct Investment (FDI): Foreign Direct Investment is a more active form of capital inflow into the primary or secondary capital market as the investors have a much more significant control and influence over the domestic company they invest in. Investors hold more than 10 percent of paid up capital in an Indian company. This form of investment allows access to foreign technologies and long term investment. It is thereby seen as a form of investment which is much more sustainable as there cannot be sudden capital outflows due to the long term nature of the investment. There is need to ensure that our current account deficit is financed by the more sustainable and beneficial foreign direct investment in order to ensure that fluctuating foreign investor sentiments do not exacerbate various phenomenon (such as a widening current account deficit) that threaten India's economic stability. One can see the rapid fall in net capital flows corresponding to the rapid fall in the portfolio lows.

Gross Domestic Product (GDP): is a monetary measure of the value of all final goods and services produced in a period (quarterly or yearly). Nominal GDP estimates are commonly used to determine the economic performance of a whole country or region, and to make international comparisons. Nominal GDP, however, does not reflect differences in the cost of living and the inflation rates of the countries; therefore using a GDP PPP per capita basisis arguably more useful when comparing differences in living standards between nations.

GDP is not a complete measure of economic activity. It accounts for final output or value added at each stage of production, but not total output or total sales along the entire production process. It deliberately leaves out the intermediate consumption of business-to-business (B2B) transactions in the early and intermediate stages of production, as well as sales of used goods. In the United States, the Bureau of Economic Analysis (BEA) has introduced a new quarterly statistic called gross output (GO), a broader measure that attempts to add up total sales or revenues at all stages of production. Other countries are following suit, such as the United Kingdom, which now produces an annual statistic called Total Output.

Index of Industrial Production (IIP): is an index for India which details out the growth of various sectors in an economy such as mining, electricity and manufacturing. The all India IIP is a composite indicator that measures the short-term changes in the volume of production of a basket of industrial products during a given period with respect to that in a chosen base period. It is compiled and published monthly by the Central Statistical Organization (CSO) six weeks after the reference month ends.

The level of the Index of Industrial Production (IIP) is an abstract number, the magnitude of which represents the status of production in the industrial sector for a given period of time as compared to a reference period of time. The base year was at one time fixed at 1993–94 so that year was assigned an index level of 100. The current base year is 2004–2005.

Current Account Deficit: A measurement of a country's trade in which the value of goods and services it imports exceeds the value of goods and services it exports. The current account also includes net income, such as interest and dividends, as well as transfers, such as foreign aid, though these components tend to make up a smaller percentage of the current account than exports and imports. The current account is a calculation of a country's foreign transactions, and along with the capital account is a component of a country's balance of payment. Current account is one of the two components of its balance of payments, the other being the capital account (sometimes called the financial account). The current account consists of the balance of trade, net primary income or factor income (earnings on foreign investments minus payments made to foreign investors) and net cash transfers that have taken place over a given period of time. The current account balance is one of two major measures of a country's foreign trade (the other being the net capital outflow). A current account surplus indicates that the value of a country's net foreign assets (i.e. assets less liabilities) grew over the period in question, and a current account deficit indicates that it shrank. Both government and private payments are included in the calculation. It is called the current account because goods and services are generally consumed in the current period.

Literature Review

Mencinger (2009)examines the systemic changes brought substantial net capital inflows mainly in the form of FDI, particularly acquisitions. Empirical literature reveals mixed evidence on the existence of positive spill-over effects of FDI for a host country.

jaffr et.al, (2012) study contributes in the existing empirical literature showing negative impacts of FDI inflows in Pakistan. The study finds that in case of Pakistan FDI inflows have worsened cadet both in the long-run and short-run for the period 1983-2011. Furthermore, by using aril approach of counteraction the study finds that FDI inflows have worsen income account of current account balance.

Narang and Raman (2009) examined between Sensex and gold price. The study uses the monthly data which is collected from Reserve bank of India, Bombay bullion association and from bse-india.com. The results of Augmented Dickey- Fuller test conclude that the series are stationary and integrated of order one.

Jack, Hervey and Merkel (2000) found the U.S. deficit in international trade soared to new heights in 1998, again in 1999, and in all likelihood, will increase even further this year. Mirroring these deficits have been huge capital inflows from foreign investors. Is the condition of the U.S. international accounts placing the domestic economy in jeopardy? Can the U.S.

Ciner (2001) examined the long-term linkages between the prices of the gold and silver futures contracts traded on the TOCOM. Statistical findings indicate that the frequently cited long-term stable relationship between the prices of gold and silver has disappeared. This finding should be of relevance to participants in gold and silver markets. It is indicated that these two markets should be approached as separate markets and changes in the gold to silver ratio should not be used to predict prices in the future.

Akbas, Lebe, & Uluyol (2014) In this study, we analyzed whether there was a causality relationship between current account deficit, short-term capital flows, and economic growth in emerging markets. Before performing the causality tests, we conducted CDLM tests in order to determine if there was cross section dependence in countries from the panel.

Mohanamani and Sivagnanasithi (2012) FIIs tend to buy and sell stocks in bulk and trend to create major withdrawal effects when they leave. Only FIIs are referred to as 'Hot Money', given the tendency reverse direction in response to adverse market sentiments influencing large capital outflows.

Rao & Rani (2013) The Indian capital markets have come of age where there are significant developments in the last two decades that make the markets on par with the developed markets. The important feature of developed markets is the growing emergence of institutional investors and this paper sets out to find whether our markets have also being impacted or dominated by institutional investors.

Arabi (2014)studied the possible direction of causality and long run equilibrium relationship between FDI, RGDP and current account CA of Sudan over the period 1972-2011 by applying a vector error correction model. ADF test results show that FDI, GDP and current account are 1 Johnson co integration result shows a long run relationship between current account, growth domestic product in real term and foreign direct investment. The VECM results demonstrate FDI has a significant negative influence on current account implies Sudan FDI inflows have worsened current account both in short-run and long-run for the study period.

Sudheer et.al. (2014) concluded with few observations the analysis has been emphasized during 2009-14. The exports and imports were found to be negatively correlated augmented dickey fuller test has been applied to find the stationary. Co-integration analysis has proven that the exports and the imports were co integrated but granger causality test has rejected that they were not causing due to currency fluctuations.

OBJECTIVE OF The STUDY

- To analyze the impact of GDP, IIP, FDI and FII on current account deficit.
- To open new vistas for further researches.

Research Methodology

The study was causal in nature. It was aimed to find out the effects of GDP, IIP, FDI and FII on current account deficit. The study was done to analyze the relationship in Indian context. The data was taken for the last fifteen years (2001-2015). Population of the study was all developing countries. India was taken as sample frame and 15 years of duration (2001-2015) was taken as time frame. Sampling element includes GDP, IIP, FDI, FII and current account deficit. Non probability purposive sampling technique was used. Reliable Secondary sources have been used to collect data like website of World Bank for data collection. The cause and effect relationship was analyzed by using linear regression model.

Multiple Regression test

H_0: There is no significant impact of GDP, IIP, FDI and FII on current account deficit.

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.994[a]	.998	.976	4.76732	2.437

a. Predictors: (Constant) GDP, FDI, FII, IIP

Dependent Variable: CAD

In above model summary table the R, R^2, adjusted R^2 and the standard error of the estimate are found which are used to determine how well a regression model fits the data. The R column represents the value of "R" (multiple correlation coefficients). Here, R can be considered to be one measure of the quality of prediction of the dependent variable (current account deficit). Value of R (0**.994)** indicates a good level of prediction.

The "Adjusted R Square" column represents the value (coefficient of determination) which is the proportion of variance in the dependent variable (CAD)current account deficit, which is explained by the independent variables GDP, IIP, FDI and FII. In above table we have Adjusted R Square value of **0.976** that are independent variability of dependent variable (CAD) current account deficit.

Anova[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	13040.806	5	2608.16	81.970	.000[a]
	Residual	159.092	5	31.8184		
	Total	13199.897	10			

a. Dependent Variable: CAD

b. Predictors: (Constant),GDP, FDI, FII, IIP

The F ratio in the an ova table test whether the overall anova table is good fit for the data. The table shows that independent variables GDP, IIP, FDI and FII statistically significantly predict the dependent variable (CAD)current account deficit. The value of **F** statistics is 81.970means independent variables GDP, IIP, FDI and FII are jointly explaining the dependent variable by**81.97%** in population, and the P value (**.000)** is less than standard value (**0.05)** which is desirable. Hence, $\mathbf{H_0}$ is rejected. As a result we can say that, “there is a significant impact of GDP, IIP, FDI and FII on current account deficit.

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-24.467	2.250		-2.059	.078
	GDP	1.017	.647	.071	1.572	.160
	I I P	.203	.064	.172	3.169	.016
	F I I	.000	.000	-.338	-5.434	.001
	F D I	-.154	.039	-821	-3.898	.006

a. Predictors: (Constant), gdp, iip, fdi, fii,

b. Dependent Variable: cad

Only **T** statistics of the independent variables GDP is not explaining our dependent variable (CAD) current account deficit because the**p values,** 0.160 is> **.05** (standard value) but, other independent variables IIP, FII, and FDI explaining the dependent variable significant (CAD) current account deficit because the **p values, .016,.001, .006,** are **< .05** (standard value).

Regression Equation

The coefficient table provides the information of each predictor variable. Here we have predicted (CAD) current account deficit (Dependent Variable) from Gold Price, IIP, FDI, Import, Export and Gold Price (Independent Variables).

$\mathbf{Y= a + b_1x_1+ b_2x_2+ b_3x_3+ b_4x_4 + e}$

$Y= -24.467 + 1.017X_1 +.203X_2 +.000X_3+ (-.154)X_4+ e$

Here,

y = Dependent Variable (Current Account deficit)

x = Independent Variable (**GDP, IIP, FDI, FII**)

e = Error

Implications

With the help of this research government can know the pattern of GDP, IIP, FDI and FII, and its impact on current account deficit. This can helpful to assist the economic condition of the country. This will help to regulate and control the economy of the country. The study may helpful to know the fluctuations of GDP, IIP, FDI and FII in India.

Limitations

- This study is completed with various macroeconomic variables like; GDP, IIP, FDI, FII, and their effect on current account deficit. Study has analyzed the results on Indian economy. Further researches can be performed on comparatively with other country.
- This study is based on only data of 15 years. So further conclusions can be derived by expanding the time frame.

- Only linear regression has been applied to check the cause and effect relationship here to draw the results. Other tools can be applied to draw the further outcomes.

Conclusion

The study has been carried out to know the impact of GDP, IIP, FDI and FII on current account deficit. Theresults revealed that the GDP has no significant impact on Current account deficit but FII, FDI and IIP have significant impact on current account deficit.

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"Impact of Sectorial Growth on GDP"

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Abstract

The study examines the relationship between sectorial growth and GDP of India. The study involved different sectors of economy. The data were subjected to statistical analysis. The cause and effect relationship was checked by regression model using PASW-18. Since, normality of residuals was checked in order to avoid spurious regression. The Shapiro-wilk test was used for normality testing. The result of the study revealed that Industrial sector and service sector have significant impact on GDP of India.

Key Words: *Agriculture sector, Industrial sector, Agriculture and allied sector, Service sector, GDP*

Introduction

The gross domestic product (GDP) is one of the primary indicators used to gauge the health of a country's economy. It represents the total dollar value of all goods and services produced over a specific time period; you can think of it as the size of the economy. Usually, GDP is expressed as a comparison to the previous quarter or year. For example, if the year-to-year GDP is up 3%, this is thought to mean that the economy has grown by 3% over the last year. Measuring GDP is complicated (which is why we leave it to the economists), but at its most basic, the calculation can be done in one of two ways: either by adding up what everyone earned in a year (income approach), or by adding up what everyone spent (expenditure method). Logically, both measures should arrive at roughly the same total.

The income approach, which is sometimes referred to as GDP is calculated by adding up total compensation to employees, gross profits for incorporated and non-incorporated firms, and taxes less any subsidies. The expenditure method is the more common approach and is calculated by adding total consumption, investment, government spending and net exports.

Service Sector

An industry made up of companies that primarily earn revenue through providing intangible products and services.Service industry companies are involved in retail, transport, distribution, food services, as well as other service-dominated businesses. It also called service sector, tertiary sector of industry.

Agricultural and allied sector

The under-developed countries have low level of per capita income. Further, the share of secondary and tertiary sector in developed countries is greater than the share of the agricultural sector and allied sector.

There is a negative correlation between the rise in national income and the percentage share of agricultural sector and allied sector. As a economy progresses and there is a rise in the per capita income , it has been observed that the share of agriculture and allied sector in the national income declines. The percentage contribution of national income of tertiary sector also changes when economic growth takes place.

Industrial sector

Industrialization has a major role to play in the economic development of the under-developed countries . thus, industrialization is the only effective solution to overcome the twin problem of over-population and low per capita income.

The net value of output per man is higher in industry than in agriculture. In addition, the industrial sector possesses a relatively high marginal propensity to save i.e. creation of surplus.

Agriculture Sector

Agriculture Sector of Indian Economy is one of the most significant parts of India. Agriculture is the only means of living for almost two-thirds of the employed class in India. As being stated by the economic data of financial year 2006-07, agriculture has acquired 18 percent of India's GDP.The agriculture sector of India has occupied almost 43 percent of India's geographical area. Agriculture is still the only largest contributor to India's GDP even after a decline in the same in the agriculture share of India. Agriculture also plays a significant role in the growth of socio-economic sectoring India.

Gross domestic product (GDP)

GDP is a monetary measure of the market value of all final goods and services produced in a period (quarterly or yearly). Nominal GDP estimates are commonly used to determine the economic performance of a whole country or region, and to make international comparisons. Nominal GDP per capita does not, however, reflect differences in the cost of living and the inflation rates of the countries; therefore using a basis of GDP at purchasing power parity (PPP) is arguably more useful when comparing differences in living standards between nations.

Review of Literature

Dasgupta, (2005) studied the role of manufacturing and service sector growth towards economic development in the light of a number of new phenomena: a faster growth of services than of manufacturing in many developing countries; the emergence of 'de-industrialization' in several developing countries, at low levels of per capita income; jobless growth in the formal sector, even in fast-growing countries such as India; and a large expansion of the informal sector in developing countries. Although they examined the phenomena in the specific context of the Indian economy, the analysis had a much wider application and implications, both for economic policy and for theories of growth and structural change.

Basu et.al.(2015) investigated the impact of liberalization on the dynamics of the FDI and GDP relationship. A long-run co-integrating relationship was found between FDI and GDP after allowing for heterogeneous country effects. The co-integrating vectors revealed bidirectional causality between GDP and FDI for more open economies. For relatively closed economies, long-run causality appeared unidirectional and runs from GDP to FDI,

Implying that growth and FDI were not mutually reinforcing under restrictive trade and investment regimes

Srinivasan (2010) said that India's dynamic services sector has grown rapidly in the last decade with almost 72.4 per cent of the growth in India's GDP in 2014-15 coming from this sector. Unlike other developing economies, the Indian growth story has been led by services-sector growth which is now in double digits

P.K. et.al.(2010)Services in India are emerging as a prominent sector in terms of contribution to national Foreign Direct Investment, Domestic Investment and Economic Growth in China: A Time Series Analysis. *The World Economy*, 31(10), 1292–1309and states' incomes, trade flows, FDI inflows, and employment.

.Joshi and seema 2008, service sector will be able to contribute to inclusive growth by enhancing investment, creating employment and human capital, and developing infrastructure. It is important for a developing country like India with a large, young population to generate quality employment and to move up the value chain. India needs private investments in key infrastructure services such as transport, energy, and telecommunications.

Ninan et.al.(2010) It can attract FDI and private investment only with a stable, transparent, non-discriminatory, competitive policy environment. If the reforms suggested here are implemented, they will enhance the productivity and efficiency of the service sector and lead to inclusive growth and private investment only with a stable, transparent, non-discriminatory, competitive policy environment. If the reforms suggested here are implemented, they will enhance the productivity.

and efficiency of the service sector and lead to inclusive growth.

Giri (2007)said that p0roductivity or labor productivity gives as estimate of the average economic value generated by an average worker. Labor productivity levels in a way determine the quality of employment. High levels of labour productivity by themselves do not ensure high wage levels and better conditions of work. However, high levels of labour productivity are one of the necessary conditions to achieve high wage levels and better conditions of work.

Barry et.al.(2010) said that high productivity sector are likely to provide better quality employment. It can be also said, with a few caveats that high productivity employment is also likely to be more sustainable and stable. Productivity difference across different service activities also has implications for equity.

Chenery (1961) & Kasper (1978) found the secular view as the resources reallocate because the change in income and taste of society, as the income increased the primary goods demand fall so that the percentage of spending of income fall on primary products. However the secondary and tertiary sector developed in this stage at the cost of primary sector. In fact after reaching primary sector into its minimum, growth in tertiary sector occurs at the cost of secondary sector for the reason of high growth in income. The structural change in Bacon-Eltis appeared for the reason that rapid growth of public sector and the resources are shifted from services sector because government biasness toward services. Simultaneously government spending refused to paid by public in terms of high taxes. Therefore the government spending is paid by consumption of national saving, reduction in investment and net exports. Consequently, manufacturing sector set under pressure because of high demand of wage through trade union

Fuchs et.al.(1980)was designed the relevant macro-variables that include share of services in GDP (SER) as explained variable, and explanatory variables such that, population size, external as well as internal factors. It is anticipated total population would positively connect. The control variables are further divided into two sets; external factors and domestic factors. The external factors contain external total debt (TD), foreign direct investment (FDI) and the trade liberalization (TL) measured by import plus export divided by GDP. Further second set of control variable comprises aggregate consumption (LC) ratio to GDP, gross f GDP growth rate (GDPR). The study has taken log of all proposed variables to remove the problem of heteroskacidcy.Although in literature the effect of debt to the GDP is negative on services growth, foreign direct investment and trade liberalization has positive impact on services growth. In case of domestic factors which comprise household and government consumption, gross fixed capital formation, labor p .

Colin and clark said civilization progresses human desires increase leading to the evolution of education activities. The expansion of both health and education sectors have made the advancement of service sector. The service sector can be ganged by its contribution to different aspect of the economy. In the decade period between 2000-01 and 2010-15. Was highly increased in compare1950-51 to 2000-01. This period service sector and other services have been increased.

Clark et.al.(2011) The Indian economy has contributed to the services sector of about 55.2 per cent share in G.D.P its growing by 10 per cent annually, contributing to the total employment, a high share in foreign direct investment and one-third of total exports and recording very fast at 27.4 per cent in export growth of the first half of 2010-11. While latest available data has been taken from the national and international sources. Some services, such as infrastructure include the roads, railways, civil aviation, financial services and social services. The social services including the health and education play a major role in enhancing the contribution of service sector to its Indian economy. In India the contribution of service sector to the Indian G.D.P (Gross Domestic Product) is classified in three heads. In the first head Trade, Hotles, Transport and Communication. In the second head Financing, Insurance, Real estate and Business services. In third head Other services along with Public Administration and defense and Health and Education sectors have been incorporated

articipation, growth rate and literacy rate has positive effect in literature.

Jansen(2006)The service sector makes an important contribution to gross domestic product (GDP) in most countries, providing jobs, inputs and public services for the economy. Trade in services can improve economic performance and provide a range of traditional and new export opportunities. However, services liberalization also carries risks, and appropriate regulation and other complementary policies help to ensure that liberalization delivers the expected benefits. We have reviewed the literature on these issues for six service sectors (tourism, financial services, energy services, information and communications technology and Mode IV).

Jenkins et.al.(2000)said the services to development makes a direct significant contribution to GDP and job creation, and provides crucial inputs for the rest of the economy, thus having a significant effect on the overall investment climate, which is an essential determinant of growth and development. Some service sectors, such as the health, education, water and sanitation sectors, are also directly relevant to achieving social development objectives.

Kumar (2007)The Services sector accounts over one half of India's GDP. The examination of the Services sector at a reasonably disaggregated level is necessary because the services sector (tertiary sector) is very highly heterogeneous in nature than the primary and the secondary sectors. Further technological advance, the process of globalisation and increased reliance of outsourcing have led to rapid changes in the economic structures of many economies including India. And these changes have resulted in the relatively higher levels of growth of the services sector.

Layton et.al.(1989)This study attempts to understand the growth and structure of the services sector in India through the analysis of the sub-sectors within the services sector at a level of disaggregation that has so far not been adequately analysed in the literature. It identifies sub-sectors within services that have contributed mainly to GDP growth. It also identifies sub-sectors that have contributed mainly to employment growth. The quality of employment in the services sector is examined through theanalysis of the productivity contributed mainly to GDP growth. It also identifies sub-sectors that have contributed mainly to employment growth.

Objectives of the Study

- To check the impact of sectorial growth on economic growth (GDP).
- To open new avenues for further researches

Research and Methodology

The study is causal in nature. It is aimed to find out the impact of sectorial growth on GDP. The study is done to analyze the relationship in Indian context. For the same various indicators have been considered to define the Sectorial growth specifically Industrial sector, Agriculture sector, service sector, Agriculture and allied sector were taken. The data have taken for the last 21 years (1995-96 to 2015-16). Non probability purposive sampling technique was used for selecting the sample.

Result and Discussion

Multiple Regression test -

H_0 -

There is no significant impact of sectorial growthon GDP.

Model Summary

Model	**R**	**R Square**	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.973[a]	.947	.934	.49893	1.902

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a.Predictors: (Constants),SG, AAG, IG, AG

b. Dependent Variable: GDP

In above model summary table the R, R^2 , adjusted R^2 and the standard error of the estimate are found which are used to determine how well a regression model fits the data. The R column represents the value of "R"(the multiple correlation coefficient).Here, R can be considered to be one measure of the quality of prediction of the dependent variable(GDP).A value of **0.973**indicates a good level of prediction. The value of D-W statistics (1.902) is close to ideal value (2) which reveals there is no auto co-relation among the variables. The "R Square" column represents the R^2 value (coefficient of determination) which is the proportion of variance in the dependent variable GDP, which is explained by the independent variables (IG, AG, AAG and SG).In above table we have adjusted R^2 value of **0.934** that are independent variability of our dependent variable GDP.

ANOVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	71.455	4	17.864	**71.763**	**.000[a]**
	Residual	3.983	16	.249		
	Total	75.438	20			

a.Predictors: (Constants),SG, AAG, IG, AG

b. Dependent Variable: GDP

The F ratio in the anova table test whether the overall anova table is good fit for the data .The table shows that independent variables (SG, AAG, AG and IG) statistically significantly predict the dependent variable (GDP).The value of **F** statistics is **71.763 with probability value (.000)**means our independent variables SG, AAG, IG, AG arejointly explaining our dependent variable GDP because the P value (**.000)** is less than standard value (**0.05)** which is desirable.Hence, **H_0**is rejected. As a result we can say that, "there is a significant impact of sectorial growth on GDP

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.099	.0592		.166	.870
	IG	.288	.044	.510	6.551	**.000**
	AAG	.116	.142	.243	.817	**.426**
	AG	.107	.124	.257	.866	**.399**
	SG	.480	.072	.442	6.687	**.000**

a. Dependent Variable : GDP

The **t** statistics of our independent variable AAG (agriculture and allied sector growth) and AG (agriculture growth) is not explaining our dependent variable GDP because the**p value,0.426 and0.399 > .05** (standard value) but, our other independent variableIG(industrial growth) and SG(service sector growth) is explaining our dependent variable(GDP) because the **p value, 0.000 <.05** (standard value).

Regression Equation

$Y= a+ b_{1x1} + b_2x_2+b_{3x3}+b_{4x4}+e$

Here,

y = dependent variable (GDP)

a= the"y intercept"

b_1= the change in y for each 1 increment change in x_1(IG).

b_2=the change in y for each 1 increment change in x_2(AAG).

b_3=the change in y for each 1 increment change in x_3(AG).

b_4=the change in y for each 1 increment change in x_4(SG).

X_1=An X score on first independent variable (IG) for which we tried to predict a value of y.

X_2=An X score on second independent variable (AAG) for which we tried to predict a value of y.

X_3=An X score on third independent variable (AG) for which we tried to predict a value of y.

X_4=An X score on fourth independent variable (SG) for which we tried to predict a value of y.

E =error

$a+(.288)x_1+(.116)x_2+(.107)x_3+(.480)x_4+e$

Tests of Normality

H_O : Residuals are normally distributed

Shapiro-wilk		
Statistics	Df	Sig.
.915	21	.069

The significant value of residuals normality is (.069) more than the standard value 0.05 , thus Ho is not rejected . so, residuals are normally distributed refers the validity of regression model.

Limitation and Suggestion

The purpose study is an attempt to analyze the impact of Industrial sector, Agriculture sector, Agriculture and allied sector And Service sector on GDP of India. It is suggested that some parameters may be considered to analyze the overall economic growth of the country and growth of different sectors.

This study is based on specifically in Indian context. It may be carried on comparative analysis between different sectors.

This study is focused on cause and effect relationship only so it is suggested that co-relation can be checked individually between the (Industrial sector and GDP), (Agriculture sector and GDP), (Agriculture and allied sector and GDP), and (Service sector and GDP).

Conclusions

In the outcome of proposed study supported the above phenomenon that Industrial sector and Service sector have a significant impact over GDP and there is no significant impact of Agriculture sector and agriculture and allied sector on GDP.

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