

# BUSINESS SUSTAINABILITY AND CONTEMPORARY PRACTICES

## **Business Management Cases**

*Edited By:*  
**Dr. Sanjeev Bansal**  
**Dr. Vijit Chaturvedi**  
**Dr. Tazyn Rahman**  
**Dr. Parikshit Joshi**

# Business Sustainability and Contemporary Practices

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## Business Sustainability and Contemporary Practices Business Management Cases

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## **Prologue**

The present business environment is witnessed by distinctive capabilities both disruption and eruptive mechanics making competition and sustainability more and more volatile. This demands a unique blend of strategies and techniques to surpass and sustain in the present environment meeting customer's expectation to fullest sense and at the same time remaining competitive too.

Since the ever growing competitiveness across all organizational resources are expanding, more innovative ways of running business is becoming more challenging.

Understanding the relevance of these complexities and with a commitment to inculcate the best industry practices, Amity Business School, Amity University Noida organized Case Study Competition based on Summer Internship completed by Students in different companies "**Conduit**" -2017 on August 31, 2017 on the theme, "**Business Sustainability and Contemporary Practices**".

The rationale of the competition was to provide an innovative approach to students for translating their learnings of Summer Internship in a more analytical and practical manner.

The present Case Study Book titled "**Business Sustainability and Contemporary Practices**" reflects upon different business practices and managerial implications across different sector and industry based on the theme. It will help in developing insights upon varied practices to make business more and more sustainable and expanding.

The present cases will help in providing cognizance of business contemporaries thus reinforcing effectual outcomes.

**Editor(s)**

## **Acknowledgement**

Any acknowledgement is incomplete without thanking greatest of all, HE, who guides, protects and nurture. Thankful to great almighty for blessing us with wisdom.

Every good work is a result of relentless hard work, determination, team work and efforts by one and all supported by vision of seniors and excelled leadership. The aim of the present book is to provide a wider platform to conceptualize, understand and incubate the competitive environment in which business is run fuelled by stiff competition, rising expectation, technological support, immense innovation and customer's varying demands. In such a situation deliberating and coming out with an enriched strategy and benchmarking the best practices becomes imperative.

We the organizer(s) of the event Conduit thankful to Hon'ble Founder President Dr. Ashok K. Chauhan Sir for his continuous blessing, inspiration and motivation.

Our Sincere thanks to Hon'ble Chancellor, Dr. Atul Chauhan whose insightful vision and innovative bent of mind helps in espousing creativity with accountability values. We are deeply indebted to respected Vice Chancellor, Prof. (Dr.) Balvinder Shukla for her continuous encouragement, exemplary leadership and motivation to organize all such events.

We are thankful to our industry experts who spent their valuable time and shared their keen insights which benefitted students boundlessly. We are thankful to the relentless support exerted by each Faculty guide for their valuable time and expertise in making the case worthy.

Our thanks to each participant who worked persistently and participated in the event.

Our sincere thanks to the relentless cooperation, support and suggestions of Team Indian Academician and Researchers Association to help us this project come in form of a book making it learnings forever.

In the last but not the least we are thankful to our family members for their unconditional support.

**Editor(s)**

## About Editor(s)



**Dr. Sanjeev Bansal** is Dean FMS & Director of Amity Business School, Amity University Uttar Pradesh. In an acclaimed career span of about 28 years in teaching, research and consultancy, he has been invited to be a part of several prestigious academic / professional bodies and in his advisory capacity, has steered them to success.

He is an avid researcher and has more than 150 research papers in prestigious journals to his credit. He has authored 26 books and has guided several research scholars to produce works of immense educational impact.

Apart from his areas of specialization, he also likes to explore and research the vistas of spirituality, management and quality of work life. During his distinguished career he has had many accomplishments and is hailed as an institution builder, a loved teacher and an ardent researcher.



**Dr. Vijit Chaturvedi** is currently working as Associate Professor, Amity Business School, Amity University, Noida. She holds Doctorate from Agra University, M.Phil in Management, MBA (HR) and an accredited trainer from ISTD, New Delhi. She also holds a Diploma in Labour laws. She has more than 16 years of work experience in Academics and Corporate.

She has contributed various papers in National and International Journals which are Globally indexed with impact factor. She has also contributed many Book Chapters. She has participated and has presented papers in many Conferences, seminars and workshops at national and international Level. She also got the Best Paper Award (Women's Category) for her paper published in October Issue 2011 in IJTD published by ISTD, New Delhi. She has successfully conducted many MDP'S and FDP'S in various areas of Management in PSU'S.

She has 2 Books to her credit on Talent Management: System and Strategies and Contemporary Practices in Business Management. Her Research areas include Leadership, Organization Commitment, Competency Mapping, training need identification and evaluation, Talent identification and employee engagement.

She is a member of National HRD network (NHRD), Indian Society of Training and Development (ISTD), AIMA, Indian Academician and Researchers Association (IARA).



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She is the Editor - In - Chief of International Journal of Research in Management & Social Science published by Empyreal Institute of Higher Education, Guwahati which is an UGC approved journal. She has been conference convener of many international conferences. Her research interests are focused on Strategic Human resources Management, Entrepreneurship,

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Dr. Joshi an IIM Ahmedabad Alumni is also a certified trainer from Infosys and has presented his candidature at various national and international academic platforms. Also he has published more than 30 research papers in various national and international journals.

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**Part - 1**

**Marketing Management**

## SOLAR POWER: SUSTAINABLE SOLUTION TO INDIA'S ENERGY NEEDS

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### ABSTRACT

*It is just one-time investment and minimum care and since it is not CFL but LED light with solar panel which makes it more efficient because of the coating used in the CFL which helps in reflecting the light towards work area and only 20% amount of light is generated as heat and which cannot be used for the roads. Through this case study it was found that India has a great potential for solar energy. Also, got to know the national action plans taken by government to promote solar energy in India and most importantly, the future scopes of solar energy in India.*

**Keywords:**

**Solar Energy:** radiant energy emitted by the sun.

**Solar Panels:** a panel designed to absorb the sun's rays as a source of energy for generating electricity or heating.

**LED Lights:** An LED light bulb is a solid-state lighting device that fits in standard screw-in connections but uses LEDs (light-emitting diodes) to produce light.

**Photovoltaic Cell (PV Cell):** is a specialized semiconductor diode electronic device that converts light energy into electrical energy using various chemical and physical phenomena.

### INTRODUCTION

Solar energy is radiant light and heat from the Sun that is harnessed using a range of everevolving technologies such as solar heating, photovoltaics, solar thermal energy, solar architecture, molten salt power plants and artificial photosynthesis.

It is an important source of renewable energy and its technologies are broadly characterized as either passive solar or active solar depending on how they capture and distribute solar energy or convert it into solar power. Active solar techniques include the use of photovoltaic systems, concentrated solar power and solar water heating to harness the energy. Passive solar techniques include orienting a building to the Sun, selecting materials with favourable thermal mass or light-dispersing properties, and designing spaces that naturally circulate air.

The large magnitude of solar energy available makes it a highly appealing source of electricity. The United Nations Development Programme in its 2000 World Energy Assessment found that the annual potential of solar energy was 1,575–49,837 exajoules (EJ). This is several times larger than the total world energy consumption, which was 559.8 EJ in 2012.

In 2011, the International Energy Agency said that "the development of affordable, inexhaustible and clean solar energy technologies will have huge longer-term benefits. It will increase countries' energy security through reliance on an indigenous, inexhaustible and mostly import-independent resource, enhance sustainability, reduce pollution, lower the costs of mitigating global warming, and keep fossil fuel prices lower than otherwise. These advantages are global. Hence the additional costs of the incentives for early deployment should be considered learning investments; they must be wisely spent and need to be widely shared".

The main objective of case study is to examine the present status of solar energy industry in India and its future scope. Significance of the study will be helping getting knowledge about solar energy and the steps taken by government to encourage solar energy in India and the behaviour and perception of people for solar energy.

### KEY FACTS

- Capacity addition of 72,400 MW by 2022, with solar will contribute 28%.

- Government mandate for SERCs to promote renewable sources of energy.
- Government subsidies are provided to solar energy projects.
- US\$ 41.73 billion opportunity in the solar energy market in India till 2022.
- In 2011, India received \$2 billion funding for solar projects in 2011. (**Exhibit-1**)

## INDUSTRY INTRODUCTION

India's lighting market is worth US\$1.75 billion, with year-on-year growth of 7.5%, and is stipulated to reach US\$2.75 billion. CFL is the biggest and fastest growing segment across the Indian lighting marketspace, accounting for 27.5% of total sales value. The CFL segment is stipulated to reach US\$760 million, contributing to 28% of the total domestic market. India's Government initiatives to replace incandescent bulbs with LED bulbs, increasing energy demand supply gap and declining prices have been leading to an increase in India's LED market, which is stipulated to reach \$ 1,457 million by 2019, with a compound annual growth rate of 35% between 2014 and 2019.

The National government's mandate of rural electrification along with usage of energy efficient formats is the core driver of the lighting marketspace on the long-term basis (especially CFL variant). Rajiv Gandhi Gramin Vidyutikaran Yojana and BYL programs have been implemented for the past 4-5 years, with approximately 53% households receiving electricity and subsidized replacement of US\$8.5 million ICL technology with CFL variants.

On the other hand, the national government of India is the largest customer of the lighting product portfolio for urban housing, airports, railways, and highways (NHAI). India's lighting market is slightly consolidated, with the three largest manufacturers controlling 46% of the market share (2011). Philips is the biggest manufacturer and distributor of lighting products with market share of 26% (2010-2011).

## JAWAHARLAL NEHRU NATIONAL SOLAR MISSION

The Jawaharlal Nehru National Solar Mission was launched on the 11th January, 2010 by our former Prime Minister, Dr. Manmohan Singh. Initially, the Mission has set the ambitious target of deploying 20,000 MW of grid connected solar power by 2022. This target was further revised to 100,000 MW in 2015. Mission will make India a global leader in solar energy. (**Exhibit-2**)

## CONVERTING SOLAR ENERGY INTO ELECTRICITY

There are two different ways for converting solar energy into electricity:

### Solar Photovoltaic (PV)

PV, the technology which converts sunlight directly into electricity, is among the fastest growing segments of the renewable energy industry. It is already well established in many countries including India, and looks set to become one of the key technologies of the 21<sup>st</sup> century. Some of the factors driving the growth of this segment are: concerns towards carbon emissions, energy security and the rising prices of fossil fuels.

Traditional solar cells are made from silicon, and are generally the most efficient. Thin-film solar cells made from amorphous silicon or non-silicon materials such as cadmium telluride are the second-generation solar cells, and are gaining a greater share in overall installations. (**Exhibit-3**)

### Solar Thermal

Solar thermal systems harness solar energy by utilising solar radiations to generate heat- as hot water, hot air, steam etc. that can be deployed for meeting numerous applications in different sectors such as power generation on a large scale, space heating, space cooling, community cooking, process heating etc. These applications make use of solar energy collectors as heat exchangers that transform solar radiation energy to internal energy of the transport medium (or heat transfer fluid, usually air, water, or oil).

## SOLAR POTENTIAL IN INDIA

- India receives solar energy equivalent to over 5,000 trillion kWh per year, far more than its total energy consumption

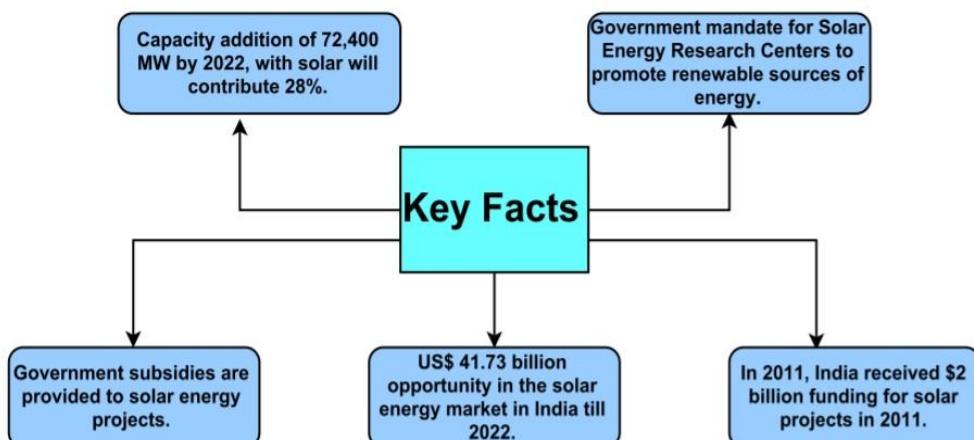
- Daily average solar energy incident varies from 4 - 7 kWh per sq. m. depending on the location and time of the year
- Rajasthan and north Gujarat receive highest annual radiation with over 6 kWh/sq meters
- Andhra Pradesh, Maharashtra, and Madhya Pradesh receive radiation of 5-6 kWh/sq m (**Exhibit-4**)

### FUTURE SCOPE

- Irradiation data suggests that 0.5% of India's land area under solar PV could meet all electricity needs of the country in 2030
- Cost of photovoltaic cells expected to decrease to around \$1/Watt
- India is on course to become the world's fourth-largest consumer of renewable energy, after China
- India's first solar panel-fitted train is all set to commence trial runs shortly. (**Exhibit-5**)

### EXHIBITS

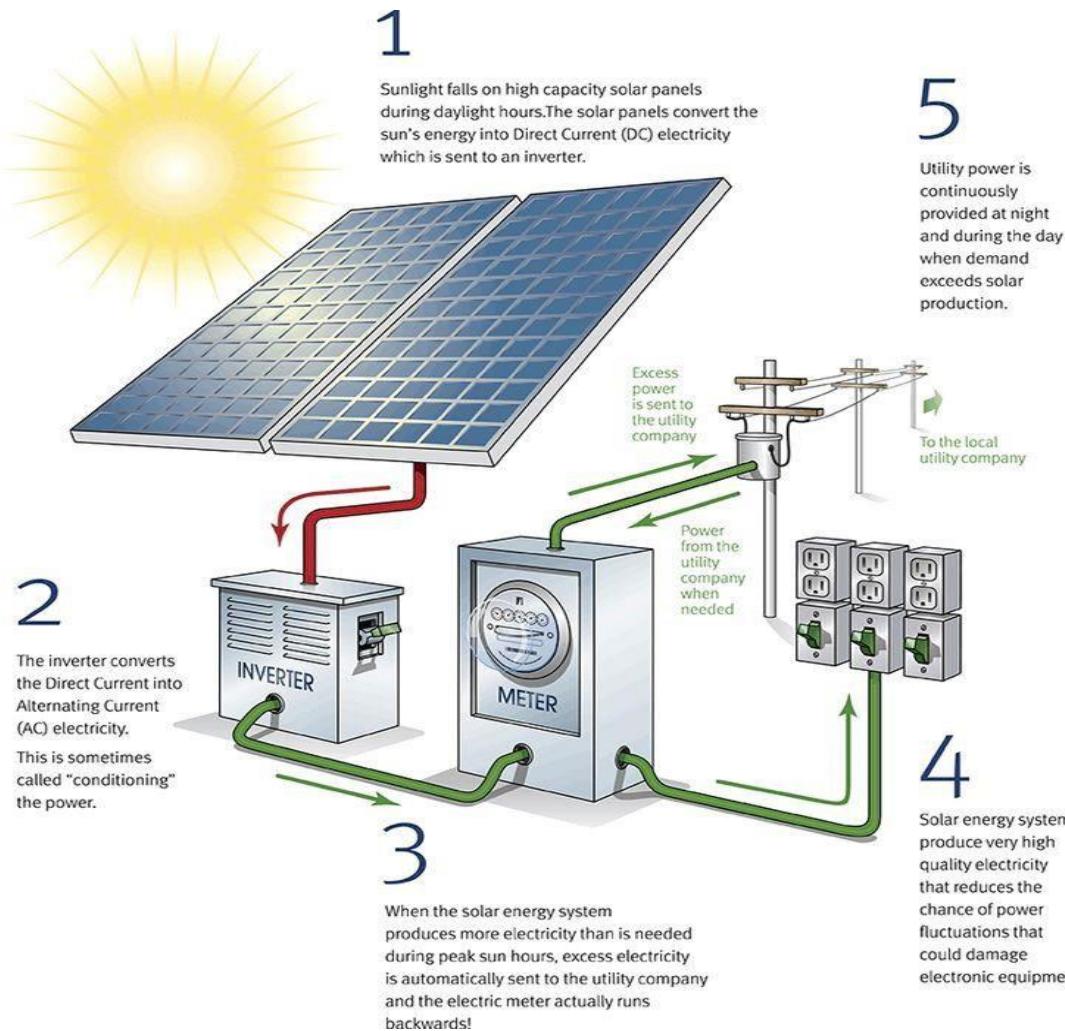
(Exhibit-1)



(Exhibit-2)  
National Action Plan on Climate Change

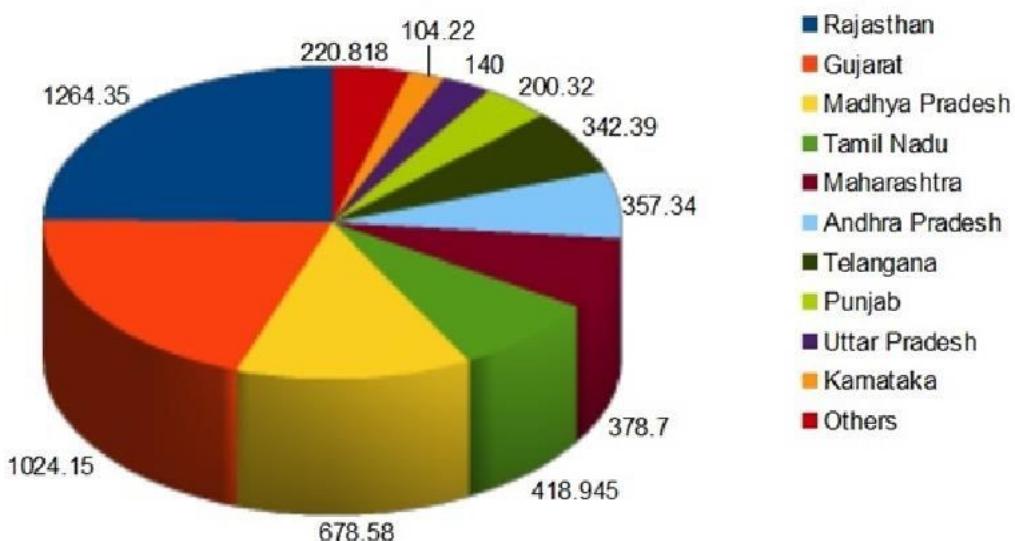


(Exhibit-4)

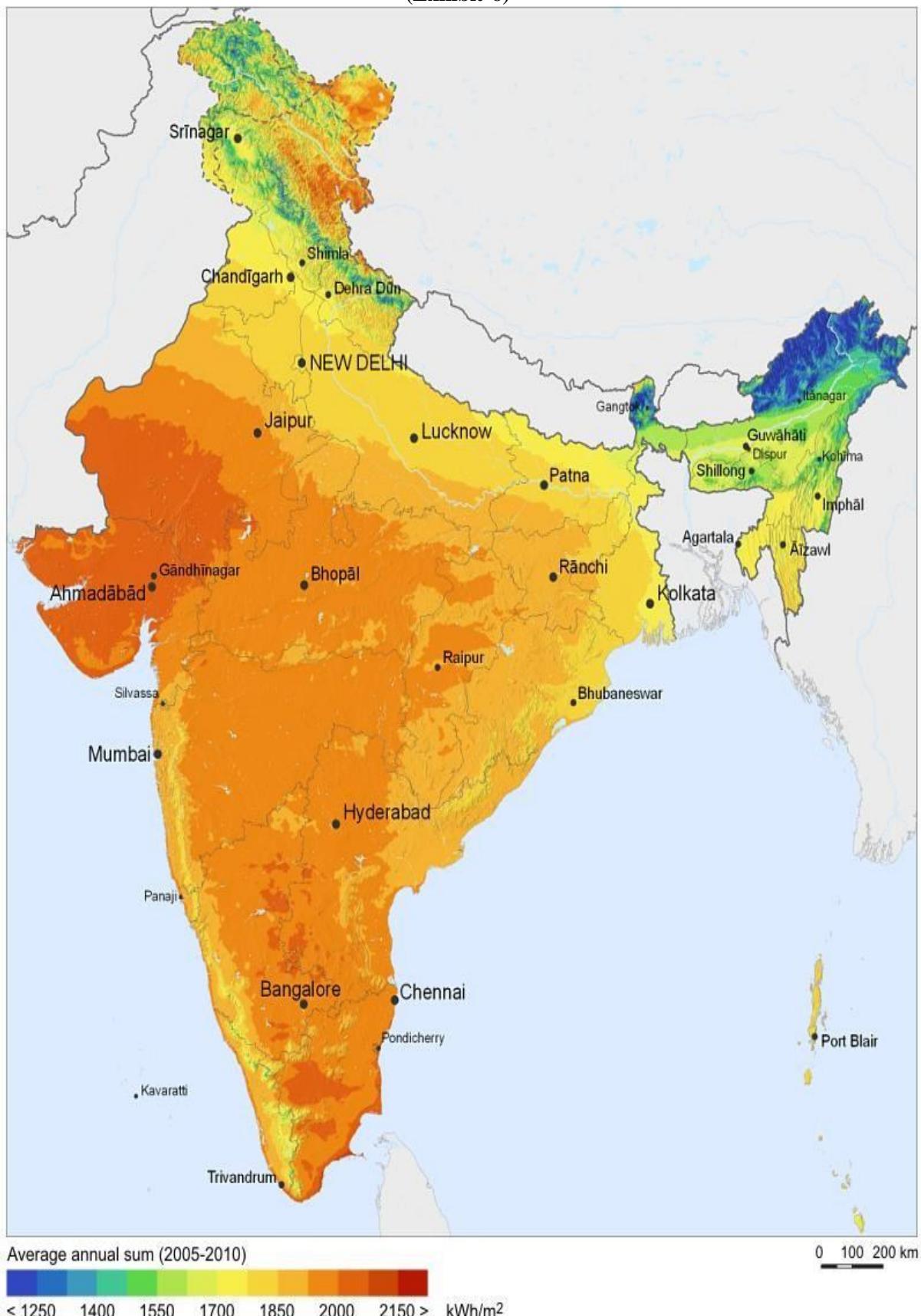


(Exhibit-5)

Cumulative Solar Power Capacity (State wise in MW)



(Exhibit-6)



## BORROW VITAMIN-M - MARKETS

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---

### INTRODUCTION

From the beginning of time, human being has been motivated to succeed in life, to amass more good and expand his own horizons of being. For some people it meant getting a loan from a friend to return it back until the next harvest or until a next supply comes in. Peer to peer lending has been in existence since a long time, though it was not called by the same name in the earlier days of its presence. Its existence has not been a rise and fall criteria rather it has been a constantly growing concept and is still being used today. Peer to peer loans are unsecured loans. They are provided to individuals rather than companies. For these loans the borrower does not have to provide any kind of mortgages or collaterals in case of default to a lender. Peer to Peer concept tends to bridge the gap between the people (consumers) who want a loan and the people who have the capacity to fulfill this want of a loan. The peer to peer concept is a concept that dismisses the role of the middleman such as banks, between the needful and the lenders. And in general, it is supposed that the borrowers would get lesser rate than the banks and the lenders grow their investment at a much faster rate. The investor depending on the riskiness of the investment he is making and the evaluation of the borrower's ability to pay back chooses the lending rates. With the emergence of internet and e-commerce it is possible to abolish the traditional financial intermediaries. The emergence of the peer to peer lending platform in the form of peer to peer (P2P) lending sites have led to an increased time and cost saving and has also introduced people to the concept of crowd sourcing (Meaning: the practice of obtaining needed services, ideas, or content by soliciting contributions from a large group of people, and especially from an online community, rather than from traditional employees or suppliers (Source: <http://www.merriam-webster.com/dictionary/crowdsourcing>) which opened up the lenders and the borrowers to a whole new world of opportunities to earn and gain more profits.

Peer to peer loans may have the following common characteristics "Chapter 2 Section 5: Financial Intermediaries". *Money and Banking*, Retrieved August 5, 2012; <http://www.saylor.org/site/wp-content/uploads/2012/06/ECON302-1.2-1st.pdf>:

- Conducted for faster profits
- There is no necessary relation between the lender and the borrower
- Intermediation is done by only a peer to peer lending company that provides a platform for the interaction of the lenders and the borrowers
- Online transactions take place
- Lenders have a choice of where to invest
- Loans are not protected by any government guarantee or insurance

### OBJECTIVES

- Identify the scope and working of Funding Circle and Ansa-lend over the internet.
- Identify whether the peer to peer lending is a new alternative for short term loan industry.
- Critically evaluate the risks associated for the borrowers and lenders in it.
- Compare and contrast the business models and strategies of both the companies using SWOT Analysis and Porters 5 forces of competition.
- Analyse the future of both the companies by the market trends and their success charts in previous years.
- Recommend both the companies
- Content analysis of secondary data such as data obtained from the e-books, news papers, social media and company websites.

- Case study analysis of Funding Circle and Ansa-lend.
- There was a time and financial constraint because of which no primary research could be carried out.

This study is to identify the new lending platform for short term borrowers and lenders over the internet. It focuses at the scope and forecast the success or failure of peer to peer lending companies in the market. The research consists of secondary data, which provides different perspectives towards the research question. Funding Circle is one of the largest peer to peer UK based exchange for borrowing and lending money. Ansa-lend is the company operating in the same industry in India. A small overview of their business model and working provides an insight into its system and market. Ansa-lend India's first peer to peer lending initiative provides a platform for the borrowers and the lenders to facilitate a financial transaction. It connects borrowers and lenders in such a way that both of them derive much more benefits out of the transactions as compared to conventional intermediaries such as banks. The site aims to provide individuals low cost loans for their minor expenses. In the Indian market, the banks offer personal loans and loans through credit cards on high interest rates; the repayment of these loans has become a difficult task. The global economic crisis has further worsened the accessibility to credit. Through, Ansa-lend, lenders offer loans online at competitive interest rates and get good returns. Getting loans through this site depends on the creditworthiness of the borrower and the ability to convince the lender about his need through various recommendations from family and friends, endorsement through groups, colleagues at workplace or any other informal group, individual goals, needs, etc. Ansa-lend offer loans for different purposes such as educational fees, medical emergencies, vacation, relocation, etc. Loans can be availed up to Rs. 3, 00,000 (three lakhs only) and can be repaid over a period of three years. The main target of this site is the young working Indians who have just entered the corporate world and do not have the access to credit through channels such as the banks due to a very little amount of credit history.



Ansa-lend work as an exchange platform for facilitating transactions. Individuals choose their terms and conditions for the transaction which is beneficial to borrowers and lenders giving a scope for negotiation between the parties involved which results in a fair transaction. It offers only relevant information of the lenders to the borrowers and vice-versa making the process transparent. All background checks identity check, verification and documentation is done by the company itself. A transaction fee of 2%-3% of loan amount or Rs. 1000 whichever is higher is charged from borrowers and 1.5% of the loan amount or Rs. 750 as servicing fees is charged to lenders. Pre-closure of loans does not attract penalties. Online advertising and cross selling of other products are the sources of income for it.

## WORKFLOW

### Borrower side workflow

- A borrower creates and activates a personal account on [www.Ansa-lend.in](http://www.Ansa-lend.in).
- Register his account providing personal and financial details.
- Two step verification and approval of the account is done.

- The borrower can put up his desire of the loan and its specifications such as the amount, the tenure of loan, the interest/EMI, purpose of loan, and some evidence to convince the lenders about the loan request.
- Browse the lender listing and approach lenders or try and be approached by them.
- If there is one lender that is ready to lend the entire loan then negotiate the interest rate and close the loan.
- Loan documentation, handover EMI cheques to Ansa-lend. Ansa-lend keeps the loan agreements in its own custody.
- Once the loan is paid, the documents are returned to both the parties

### **LENDER SIDE WORKFLOW**

- A borrower creates and activates a personal account on [www.Ansa-lend.in](http://www.Ansa-lend.in).
- Register his account providing personal and financial details.
- One step verification and approval of the lender via PAN card, address proof and photographs.
- Browse the borrower listing and approach borrowers or try and be approached by them.
- Negotiate the interest rate on the loan after analyzing the risk in the investment to be made.
- Loan documentation, handover loan amount cheques to Ansa-lend. Ansa-lend keep the loan agreements in its own custody.
- Once the loan is paid, the documents are returned to both the parties.

Ansa-lend have followed the peer to peer to concept as a whole but has modified some of its processes according to the Indian scenario such as every borrower has to undergo a physical verification of his residence and employment. Currently, Ansa-lend is targeting the unorganized form of peer to peer lending in the country. India has a lending business of Rs. 47 lakh crore of which 35% (i.e. 16.45 lakh crore) in urban space is done from family and friends in the form of unorganized peer to peer lending. It is a one of a kind model in India. Borrowers can apply for loans between Rs. 25000-Rs. 300000 and maximum period of 3 years. The minimum interest rate offered is 12%. Lenders can offer Rs. 5000- Rs. 300000 and can lend multiple borrowers.

### **SWOT ANALYSIS**



## PORTERS 5 FORCES MODEL

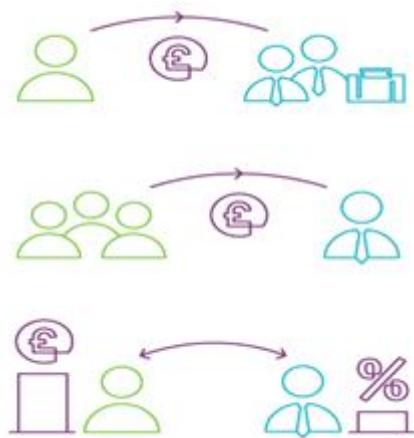
- 1) **Buyer Power** – Limited bargaining power of customer or borrower as the company provides more interest rates than banks or other financial institutions. But there exists a freedom of choice for borrowers to choose the investment area or field they are interested in.
- 2) **Supplier Power**- Low bargaining power of supplier or investor because of the low interest rate given by them to the company for their finances.
- 3) **Competitive Rivalry**- Low competition as this is a new emerging source of finance in India and not many platforms are there operating on the same line.
- 4) **Availability of Substitutes** - High menace from substitutes like NBFC's, Banks Mutual funds, Government securities and T-bills.
- 5) **Threat of new entrants** - High threat of new entrants on account of no government regulations. Before setting up of a new peer to peer website, it is not essential to take the consent of RBI or any other regulation body.



Funding circle was launched in 2010 because of two key problems prevailing in the financial industry:

- 1) Businesses were struggling to access finance
- 2) People were getting a poor return on their money.

Then the solution was to making it possible for people to earn a return on their money by directly lending it to businesses looking for funding. Funding circle launched a business of peer to peer lending in the market. ZOPA was there in the market having same business model since 2005. Funding Circle was set up to let people lend directly to SMEs, cutting out the banks' traditional role as middle men between savers and borrowers. The company says low overheads – it has no branches – and the latest technology can provide investors with better returns than a bank while extending credit to businesses the banks avoid. Funding Circle has grown with the backing of prominent venture capitalists, including Index Ventures, Union Square Ventures and Accel Partners, together with prominent British entrepreneurs Charles Dunstone, Ed Wray and Jon Moulton. Funding Circle is an online marketplace which can help businesses access fast and simple finance, whilst investors have the potential to earn better returns by lending to them. By directly connecting people and organizations who want to lend, with vetted, established businesses who want to borrow, we eliminate the complexity of the banking world. As the loans are repaid, you receive a proportion back every month. In an emergency, for a 0.25% fee, you can trade the debt, and should get your capital back within a day. As an investor it's important to remember you're lending to businesses so your capital is at risk. Taking a business loan through Funding Circle means **you'll be borrowing directly from people and organisations**. Once your loan is on the marketplace, hundreds of investors compete with each other to lend you money, giving you the most competitive interest rate possible for your risk band. After you accept a loan, you make one repayment each month which is collected by Funding Circle and distributed to all the investor



- 1) One investor can lend to a number of creditworthy businesses to spread their risk and at interest rates they choose.
- 2) One business borrows from lots of different investors, with only the lowest interest rates being accepted on their loan (subject to minimum bid rates).
- 3) Once accepted, the business makes monthly repayments back to the investors who lent to them.

#### **INVESTOR BENEFITS**

- A 6.1% average return\* after fees and bad debts
- Options to access your money early
- Manage your level of risk

#### **BUSINESS BENEFITS**

- Quick and convenient
- Only accept rates that suit your business
- Independent from your bank

#### **ROLE OF GOVERNMENT**

Funding Circle have lend to small businesses almost all of £20m in March 2013 provided by government. The business secretary, Vince Cable, ordered that £55m of government money should be lent to SMEs through Funding Circle and other social lenders. The online peer-to-peer lender has lent £15.3m to 1,438 businesses on the government's behalf and has re-lent £2.3m of repayments, taking the total to £17.6m. Vince Cable, the business secretary, ordered that £55m of government money should be lent through Funding Circle and other social lenders to small and medium sized enterprises (SMEs) starved of lending by the banks. The government does not choose which companies it lends to and instead contributes to every loan Funding Circle makes. For the first £15m lent by Funding Circle the government provided 20% of each loan. After that the government's contribution has been 10%. The average loan the government has contributed to is £60,000. The biggest is £500,000 and the smallest is £5,000. Funding Circle claims the loans have helped create 4,000 jobs at businesses that are the backbone of the economy. A spokeswoman for the Business Department declined to comment on individual applications to the British Business Bank but said £255m was still available from its £300m investment programmed for small firms. The Financial Conduct Authority (FCA) has proposed new rules on 1<sup>st</sup> April 2014 on peer-to-peer and crowdfunding companies, which include the likes of Zopa, Funding Circle and Ratesetter. It wants them to ensure they have plans in place so people get their cash back if the firm goes bust, information about how they operate is clearly presented and easy to find, and comparisons on interest rates being offered are fair and not misleading. But there are concerns that people may not understand how they work, or that there is a risk, as investments are not protected under the Financial Services Compensation Scheme. "Christopher Woolard", director of policy, risk and research at the FCA, said: "Consumers need to be clear on what they're getting into and what the

risks are. Our rules provide this clarity and extra protection, balanced by a desire to ensure firms and individuals continue to have access to this innovative source of funding.”

Basis	Funding Circle	Ansa-lend
Size of loans available	£5,000-£1,000,000	£250-£3,000
Term of loans	6 months to 5 years	1 year to 5 years
Unsecured loans	Yes	Yes
Secured loans	Yes	Yes
Large asset hire purchase loans	Yes	No
Variable rate auctions	Yes	Yes
Fixed rate auctions	No	NO
Application fee	No	No
Loan servicing and monitoring	No	Yes
Early repayment penalty	No	No
Typical process	2-3 weeks	4 weeks
Value of loans	£259,791,500	Unknown
Maximum loan arranged	£500,000	£3,000
Minimum loan arranged	£5,000	£500
Minimum investment	£20	£50
Number of Investors	>50,000	Unknown
Investor Interest Rates	5-7%	15-24%
Borrower interest rates on loans	8-12%	15%
Commission charged	2%	1%

**From the above drawn table following observations analyzed:**

- 1) Funding Circle has lent more amount of loans to public than Ansa-lend since the both launched in year 2010.
- 2) Interest rates of Funding Circle are lower than of Ansa-lend because of the difference in the economic and financial policies of both the countries.
- 3) Funding Circle charges a high percentage of commission than Ansa-lend.
- 4) Sizes of loans and investing amount differ because Funding circle majorly lend money to businesses and Ansa-lend also lends to common public having small needs.
- 5) Bank rates in UK and India differ due to different saving policies of both the countries.
- 6) Funding Circle can arrange loans for 6 months also but Ansa-lend lends minimum for 1 year.

By performing an in depth analysis of case studies, market positions and future growth of the peer to peer lending industry, following recommendations can be made to both Funding Circle and Ansa-lend to sustain in the market for a longer period:

**FOR ANSA-LEND**

- It should expand its existence from hyderabad to the whole country and establish a contact office so that it become more reachable because according to the Indian mind set a tangible service is more reliable.
- It should provide loans to people for a period of six months also so that it can have an access to short term loan seekers which will increase its market share,
- It should have a regulation body which will minimise the risks of the investors in the market.
- It must reach the businesses seeking for finance as its more of loans are offered to the general public.
- It should improve on its marketing strategies so as to tap an unidentified market available for finances in the country.

- Like funding circle it should contact the government for upliftment of rural areas by providing them the loans set aside by the government for social development.

#### **FOR FUNDING CIRCLE**

- Funding circle should also advertise other products on its website so as to earn revenues as its only source of income is commission fees and annual maintenance charges.
- It should also provide small amount of loans to general public like Ansa-lend.
- Some kind of written agreement should be done with borrowers or collateral can be taken for huge borrowings so as to safeguard the investor's money and minimizing the risk associated.
- There is a growing craze of social media and a high level of involvement of people in social connectivity sites. Funding circle should establish itself more through social media marketing.
- There are a large number of sub-prime borrowers with low credit rating whom the banks are reluctant to offer credit, it should contact them and can offer them a loan with high fees and some security.
- Large untapped market of investors planning to invest in a different asset class exists should be tapped upon.
- It can share the platform with other lending sites so as to offer the credit across lending networks

#### **CONCLUSION**

It is of no secret that the interest rates have been in the doldrums for an extremely long time. And while that is very good news for those trying to borrow money or pay off a mortgage, it is less good if you are trying to find a decent rate of return on your investments or savings. Peer to peer lending is an extremely attractive option for savers with rates that are generally much higher than you find at a bank or a building society. With that in mind, it is hardly surprising that fed up savers are looking for ways to protect their investments, which is one of the reason for rising peer to peer lending. Peer to peer lending, also known as social lending, is a way for savers to earn better rates of interest by lending directly to businesses or individuals. Sir Mervyn Haldane, Executive director for financial stability at the Bank of England, said that peer to peer lenders could eventually replace high street banks. "At present these lenders are tiny" he said. "but so a decade and a half ago, was Google. If eBay can solve the 'lemons problem' (substandard products) in the second hand sales market, it can be done for the market for loans." The major players of the peer to peer lending industry are Funding Circle, ZOPA and RateSetter. According to a survey, top 5 reasons why people are interested in peer to peer lending are:

- Ethics
- Returns
- Peer to peer lending as a future.
- By passing banks
- Feeling of control and less risks.

Looking at the position of the main players in the market and their growth it can be said that peer to peer lending is having a good future but risks such as lack of regulation and compensation associated with this business model also exist. It can be of great threat to high street banks in near future and banking industry if adequate rules and regulations are applied to make it a less risky proposition for both the lender and the borrower. New regulations are introduced by Financial Conduct Authority (FCA) in UK on 1<sup>st</sup> April 2014 with a view to minimise the risk of the model and regulating the peer to peer lending companies and to promote this type of source of finance in the emerging economy.

Q1. Peer to peer lending marketing and promotion is an extremely attractive option for savers with rates that are higher than you find at a bank. Discuss the above statement according to your viewpoint.

Q2. Not only Ansa-lend, the funding circles should also advertise other products on websites so as to earn revenues as its only source of income is commission fees and annual maintenance charges. Do you agree with the above statement?

## STRATEGIES TO BE IMPLEMENTED TOWARDS VENDING BUSINESS

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### ABSTRACT

*This study is to analyze the buying behavior of the consumers, expanding the business portfolio from B2B to B2C, to know about the receptiveness of Georgia at various organizations and retail outlets, Analyzing the Georgia business and understanding the customer feedback for the brand and Brand Awareness of Georgia by gaining insights in the end segment. Working on the project was a great learning. There was a lot of scope for the innovation and implementation of new ideas to resolve the problems of the company. Like the biggest problem for the interviewers that complaints for the shop address that was given by the researchers and clients. The positive aspect of the study was that every interviewer easily comfortable. But as most of the Interviewer fills the questions without measuring the exact and correct measurement so that it will affect the final result of the project also some members do not have interest in this study, due to meet people from the different industry because this would take a lot of effort, time and energy of the interviewer. For this, a proposal was put forward to top management of the organization.*

### INTRODUCTION

GEORGIA is a brand of Coca-Cola which deals in commercial beverages i.e. Tea and Coffee. Tea and coffee has huge B2B and B2C market where consumers prefer different variants. Opportunity for as an Alternate Beverage in the Retail sector. The coca cola company wants to be the —thirst quencher for all the sectors in the market. It has achieved a huge success in the packaged beverage segment with its products like —Coca Cola, Thumps up, Sprite, Fanta etc. in the Carbonated Beverage segment, and —Minute Maid and —Maaza in the Non-Carbonated Beverage Segment. The packaged drinking water from Coca Cola-Kinley is considered as one of the most successful packaged water brands in India. It has also achieved a good amount of success in their —Ready to Drink Tea and Coffee segment by their brand —Georgia. Now, the company has decided to capture the unattended market, which is the Retail Roadside Beverage Market. The Unpacked products available in these sectors are generally Hot tea, Hot coffee, Fresh fruit Juices, Lemonades, Soda and likes. In this scorching heat and summers, when people want to have some chilled beverage like cold coffee or iced tea, either someone needs to go to a nearby café or consume that at their home.

Coca Cola India used the term Georgia for their Ready to Drink Tea and Coffee in India, due to its huge success in the other Asian countries. While the other brands for coffee either didn't turn out so successful or wasn't much heard of in this part of the world. The tea and coffee vending machines of Georgia can be easily spotted out at McDonald's outlets, Subway outlets, Funcinemas, INOX multiplex and other like places.

Also, the company has used its extensive distribution chains to develop a strong market base for this product. It has developed a considerable market share in the rest of the OOH coffee and tea market.

Now after this study now we have to be known about the public demand about the hot beverages. Whether they are in flavor of which brand in the market. The new players play a very important role in the hot beverages. apart from tea and coffee the hot beverages are there in for eg. soup. Later the liking of latte, cappuccino and other various coffee flavor.

Beside all this we have to now talk about the other flavors consumer want to be added in the coffee or tea. How many competitors are there in the market for the selling of the hot beverages. And for which brand the competition is there in the market. The consumption of coffee and tea in the household people. that in the house peoples are using which brand coffee and tea.

### STRATEGIES TO BE IMPLEMENTED TOWARDS VENDING BUSINESS

Georgia have rivalry in coffee and tea, with Nestle, Hindustan Unilever, Cafe Coffee Day. TATA is another player alongside Godrej which has as of late entered this Vending Business. There will obviously be various players entering this section soon. Be that as it may, the key factor truly is innovation and the administration

system. What we offer our customers is an administration arrangement where we give them a machine and furthermore keep up it. We should likewise guarantee that if our customers need, we can refill the machines with the items (Premixes) also. The machines should likewise be modified to give information that can be extremely basic for the organizations we manage as the machine can disclose to us which item is moving quicker and what the utilization design resembles. So we are in that sense giving complete answers for our customers.

"Keeping in mind the end goal to have a devoted client base we need to make our brands important to our customers in their lives. Where, when, how, with whom they drink these perspectives matter. We ought to convey our brands in the correct way and make our items accessible at an arm's span.

The test confronting the tea and coffee industry is how would we make them an applicable drink for the quickly leaving home section. Tea and coffee as a drink keeps on ruling the in-home utilization.

Be that as it may, because of way of life changes an ever increasing number of individuals are spending time out of home and is not precisely observed as a refreshment progressing. This is the fundamental zone that we should address by creating both prevalent configurations and esteem.

In India, every single hot refreshment are devoured at home. Out-of-home utilization in India is low, which implies there is a great deal of potential for this market to develop Georgia, consequently, should means to try full scale endeavors to support out-of-home-utilization by offering great quality tea and coffee at moderate costs. To expand this out-of-home-utilization of tea and coffee the organization ought to have designs up its sleeve, which would incorporate "altering" tea and making it adequate to all areas alike. Subsequently, for North Indians it should offer masala chai with loads of elaichi and drain, involving a little sum, around two tastes, of tea.

In the event that individuals in eastern India like seasoned tea, less drain and light tea clears out, Georgia can alter it to coordinate their tastes. Additionally, for cosmopolitan urban areas like New Delhi NCR should plan to introduce single tea-vending machines, which would offer assortments, for example, masala, elaichi, cardamom etc. As a development methodology, Georgia should plan to populate littler towns with his vending machines. Talking about the market progression of the diverse fragments, "The cost per glass (Rs 3-4) is not a noteworthy issue at open spots and lodging establishments. The day by day volume is likewise high in these spots." Then again the underlying establishment and the repeating costs constitute a noteworthy issue on account of corporate establishments. Subsequently corporates at first incline toward premix vending machines and later change over to bean-to-glass machines if required for a superior choice. The most basic viewpoint is the after deals benefit as vending machines work 24 hours. "On account of lodgings the machines must be up and running 24x7 and the premix conveyance is additionally urgent. The genuine test is obliging the lodgings in little towns. Achieving the establishments in residential communities quick is a test, and keeping it running 24x7 is a test, and along these lines Georgia must meets this challenge with its across the country benefit arrange and furthermore by giving substitute machines if there should be an occurrence of breakdown. These are a portion of the procedures that I think would truly make a positive check on the present situation of the Vending machine business winning in the Indian Economy.

"How Might we Make a Difference In the Market" I believe understand that distributing can be connected to any bundled item, be it a nibble, a tetra pack, a container of brew, soda pop or a pack of. The range is truly huge and can apply to any segment of industry. It could even identify with an over-the-counter pharma item. We understood that the Indian market is achieving a level of comprehension and acknowledgment in wording of hello tech items which loan accommodation and moment accessibility 24 hours a day, seven days seven days. This is exceptionally key as today we have BPOs and programming organizations that work round the clock. This has turned into a need. There ought to be a total scope of vending machines which can apportion any bundled item in addition to a greetings tech scope of coffee and tea vending machines with 2-8 choices going from dark coffee to latte. This again is must be made accessible to a cross-segment that extents from a professional workplace to a retail condition. The coin instruments and the bill perusers are likewise sorts of vending machine which are alter and steal confirmation and in this manner suited to an Indian domain. Quality never going to bargain in business so quality is plays a decent part. We need to keep up a decent nature of item. Area administrations: The sales representative may state that the organization utilizes

an master locator to discover prime areas for its machines. As a matter of fact, the organization's help normally closes once it finds a foundation willing to have a vending machine on its premises. An administrator who begins with poor areas can't want to rival proficient distributing organizations to catch great areas. Poor areas are unbeneficial for deals as well as welcome vandalism. Ordinarily the alleged master locator has no involvement with nearby distributing conditions, and even an accomplished distributing administrator would experience issues finding productive distributing areas rapidly in a city other than his own. Genuine vending machine makers as a rule don't offer to find machines for the buyer. Such offers from makers or wholesalers regularly are a tip off that the advancement is fake or that the past administrator of the gear has defaulted. Preparing programs: Experienced industry sources say that business work is a great 50 percent of any administrator's employment and that nobody can be an effective

### **PROBLEM STATEMENT**

- During the market survey it was found that machines of the competitor brands were placed in the market. The competitors are Café Coffee day, Lipton, Amazon, Barista etc.
- The Consumers were not satisfied with the service of the machines and the maintenance charge of the machines were high.
- Retailers in some market areas such as Sahibabad, Shalimar Extension II, and Greater Noida were unaware about the uses of machine and their benefits.
- Corporate Offices have a different procedure in installation of the machine. The Factories ask for the demonstration of the machines first. The employees working in the organization if satisfied the demo then the machine is placed. This is a time consuming process.
- Cost is not an important factor for some corporate offices. The Offices are concerned with the brand worth and taste. Generally corporate offices prefer beans machine. Thereby convincing the managers about the quality, pricing and after sale services the admins in the organizations are informed about the benefits of the pricing strategies.
- The mixtures of various brands such Cardamom Tea, Premix Coffee etc. have various competitors in the market.
- Consumers generally prefer tea at tea stalls. This is a major factor for the ignorance of tea and Coffee vending machines whereas in corporate offices they are left with no options to use a Coffee vending machine.
- The premix form of tea and coffee powder are not preferred by the consumers. They prefer coffee with fresh milk which is only available with Café coffee day machines and this comes out to be a drawback for the Georgia brand.

### **SUGGESTED OUTCOMES**

1. Perform a detail demand survey at regular interval to know about the unique needs and requirements of the customer.
2. The company should make hindrance free arrangement for its customers/retailers to make any feedback or suggestions as and when they feel.
3. Coca-Cola's distribution channel is mostly through retail. Whereas the competitors also concentrates more on the multiplexes, pubs and restaurants. Georgia should try to increase their distribution in these areas.
4. The company must keep a watch on its primary competitors in market in order to be able to compete with them.
5. The company should use new attractive system of word of mouth advertisement to keep alive the general awareness in the whole market as a whole.

6. The company should be always in a position to receive continuous feedback and suggestions from its customers/ consumers as well as from the market and try to solve it without any delay to establish its own good credibility.

7. A strong watch should be kept on distributors so that the goodwill of the BRAND doesn't get affected.

#### **IMPLICATIONS OF STUDY**

- During the survey it was found that machines of the competitor brands like Café Coffee day, Lipton, Amazon, Barista etc. were installed and some people have invested in those machines. So, we asked them to use our material (premixes) so that they would know the difference of taste and quality of Georgia.
- Usually company asks monthly maintenance charge for various machines but, keeping in mind the key customers (whose per day sale is more) usually benefits are given to them by waiving of these charges.
- The major drawback faced by GEORGIA is that it doesn't make use of fresh milk while making tea or coffee. Because nowadays people prefer to consume fresh milk instead of premix.
- The Consumers were not satisfied with the service of the machines which directly affects the branding of Coca-Cola. The employees of Georgia must ensure the timely service of machines and ensure the checkup of complaints within 24 hrs or as per policies.
- The employees must collect the suggestions from corporate offices during machine demo and take actions accordingly.

## **THE BEHAVIOR OF CONSUMERS AND RETAILERS TOWARDS THE, PURCHASE OF KARA PRODUCTS**

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### **ABSTRACT**

*The case study involves analyzing market trends in the category of facial and nail polish remover wipes and studying the behaviour of consumers and retailers towards the purchase of Kara products. The main objective of the study is to double the business of Kara in South Delhi-I region. Kara NPR is a newly launched product in the wet wipes category and it is estimated that NPR will play a major role in increasing the share of the brand in the market. It was aimed to achieve this objective by carrying out excessive sampling of the product through rigorous in-shop consumer activation in the markets and designing promotional offers and activities according to consumer requirements to increase the sales of NPR. It was observed that different consumers were different in terms of their buying behaviour, so they were being pitched differently. It was noted that the sales of Kara wipes were suffering in some areas of South Delhi because of the availability of cheaper Chinese wipes in that market which had the benefit of higher profit margin so many retailers opted for such wipes rather than Kara wipes. The information which has been gathered can be used for developing marketing strategies to further promote the sales of Kara wipes in the area.*

### **INTRODUCTION**

#### **Background**

Disposable wipes have become a global business concept generating sales of over 6 billion in 2015. Realizing a strong double-digit year over the year, the category now assumes an important role in the personal care market. Based on deodorant and make-up removal wipes in personal care products to furniture and floor cleaning items in home care, disposable wipes have expanded with the passage of time to offer a wide range of new applications, replacing the traditional fabric combination, Cotton and cleaning solution. The changes in market trends were also influenced by developments of new products and the good reception of new applications of the product by the consumer. Companies that can combine advanced technology with the development of new and innovative ideas will survive in the long run. Over the last 3 years, there has been an explosion in the number and types of wipes available to the consumer. Baby wipes, face wipes and disinfectant wipes, present a better substitute than conventional tissue and fluids. In a fast-paced world, these wipes are designed for comfort, whether for personal use or to cope with unhygienic conditions in your family. The market for disposable facial wipes in India is estimated at around Rs. 8 crore.

#### **Industry**

Kara has a strong and dominant position in the market with a turnover of Rs.4.5 and has gained a market share of 56%. However, currently the sector is disorganized & fragmented in India. Disposable wipes are considered a lifestyle element rather than an essential one. Hence it will take some time before the full potential is explored. Consumer awareness of hygiene products has increased due to increased advertising, price cuts and the launch of cheaper versions of the product by manufacturers.

Skin care cleansing wipes have also benefited with the changing lifestyle, faster pace of life in cities and the growing number of nuclear families and independent working women, who rely more on disposable products when travelling or while working in the kitchen. The disposable wipe market in India is facing strong competition from cheap Chinese imports. Chinese wipes are of inferior quality and may have harmful effects on the skin. However, price-sensitive people are attracted towards these products. But with increasing awareness about quality, slowly but surely, people will shift their preference to a better brand like Kara.

The nine-year-old brand is owned by Birla Cellulose. It has an annual capacity to produce more than 87 million wipes, which are mainly sold at pharmacy and modern retail stores. Kara is the category leader brand in the wet wipes category enjoying 85% market share, launched in 2007 and since then growing and making the category grow. Kara offers everything of cosmetic which is in cream and lotions in to wet wipes form.

It is an FMCG brand launched by the Aditya Birla Group and taken over by Future Consumer Enterprise Limited, A Future Group company in July, 2015. Having pan India presence, Kara is a strong brand among the cosmetic category in FMCG industry. The favourite brand of young Indians, Kara has Indian Railway, Indigo Airlines, Go Air, Andhra Pradesh Roadways, Telangana Roadways, Hotel Lalit, The Taj, Sun Pharma, Ranbaxy etc. in the institutional clients list. Kara is easily available with chemist shops, cosmetic shops, departmental stores and in all modern trade chains near to you.

## **BRAND**

### **Kara Facial Wipes**

Every single Kara wipe is made of viscose fibers, which is a completely natural and a 100% biodegradable fiber. Each wipe is soft, pure and has a high capacity to absorb moisture. Kara wipes are dermatologically tried and tested. They are pleasing to the skin, hygienic and they don't leave lint on the skin.

Kara is considered a premium brand in the facial wipes category majorly because it focuses more on quality, due to which the price of the products is on the higher side. Since the Indian customers are more price sensitive, they easily get attracted to other lower quality products that they can get for a much cheaper price than Kara. Few of the customers who emphasize on buying quality products are the brand loyal customers of Kara.

### **Competitors of Kara Wipes**

The major competitors of Kara facial wipes are **Dettol wet wipes**, **Tempo wet wipes** and **Good Look Wipes**.

All these wipes are available at cheaper rates and the profit margins for these wipes are very high, and in some of these wipes the profit margin is more than 50 percent.

Hence these wipes are tending to become a tough competition for Kara wipes in areas like South Delhi where people are very price conscious.

### **Kara-Nail Polish Remover Wipes**

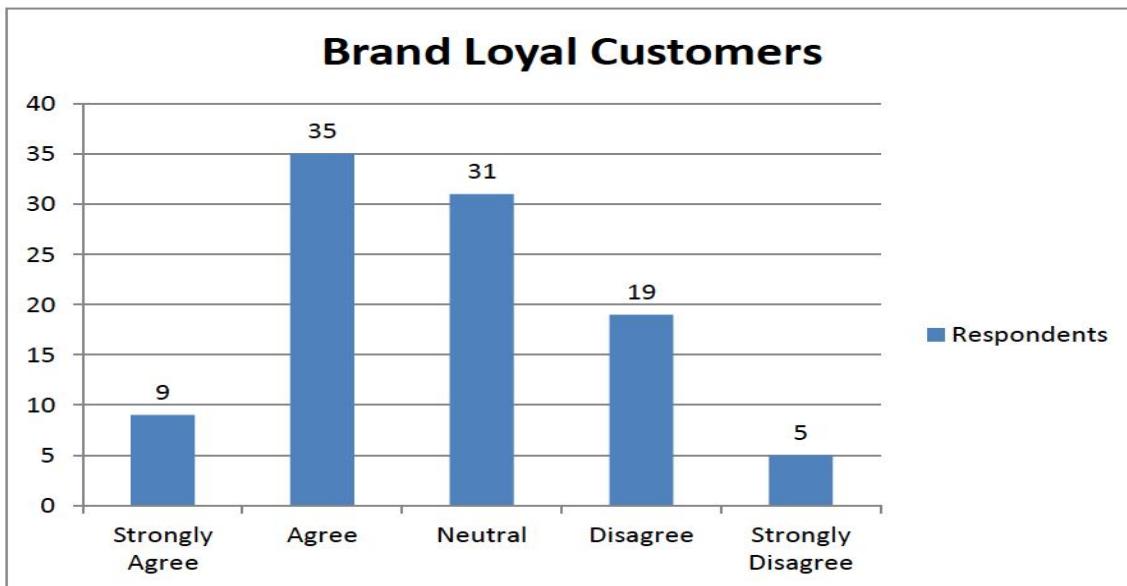
The Kara NPR wipes are acetone free and contain olive oil and vitamin E which provide nourishment to the nails and cuticles, thereby making the nails strong and preventing any dead and dry skin. These nail polish remover wipes come in a white cardboard outer box with all the details. There is a lemon print on the box that indicates the variant. Inside the box, the actual wipes are stored in a white plastic round container with a screw cap. The container is safe to store, it closes tightly and is totally easy to carry around. One jar contains 30 wipes and is priced at Rs.100. All the wipes look plain white in colour and the texture is quite smooth and soft.

## **PROBLEM STATEMENT**

To study the buying behavior of consumers about Kara facial wipes and Kara and Nail Paint Remover. The objective of carrying out this study is to double the business of Kara in South Delhi-I region. This involves an analysis of the market trends in the category of facial and NPR wipes to study the causes of slowdown in the distribution channel and fall in market share of Kara.

## **OVERVIEW**

Methods used under data analysis are descriptive analysis, bar graphs and pie charts analysis for studying the outcome of my survey.



### INTERPRETATION

According to the survey, 45% of the respondents, i.e. 35 respondents agreed and 9 strongly agreed to be brand loyal to Kara. Remaining 55% constitute as neutral (31%), Disagree (19%) and Strongly Disagree (5%).

According to the data there are very less customers who are brand loyal and most of the customers are switchers. So a proper branding strategy should be implemented to attract and retain the customers.

The study indicates that the company must create a strong brand image so that people remain brand loyal and do not switch to other brands.



### INTERPRETATION

According to my survey the price of Kara products is not reasonable as 30 respondents agreed and 13 strongly agreed i.e. 43% remaining is 47% which constitute as neutral (38%), Disagree (13%) and Strongly Disagree (6%).

This indicates that company should do competitive pricing for its product as most of the customer see price before purchase. As the price of Kara is more than its competitors, this becomes a major disadvantage for Kara to achieve more sales.

## INTERPRETATION

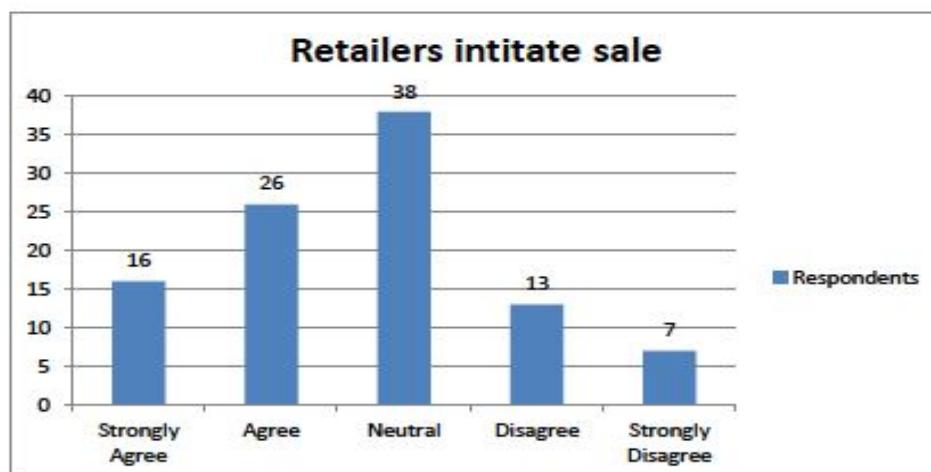
According to the responses of the respondents who have heard about or used Kara nail polish remover wipes, maximum people (21.6%) like Kara NPR mainly because of the fact that it is acetone free and a large number of people (18.9%) also like that the NPR wipes contain olive oil and vitamin-e.

The brand is being able to successfully deliver a purely organic product to the consumers with its idea of providing nourishment to the nails by the presence of olive oil and vitamin e and avoiding the damage caused to the nails by acetone.

Many of the consumers are happy with the effectiveness of the NPR in removing the nail paint (16.2%), which paints a good picture of the performance of the product.

Also the availability of different variants and the convenient packing which makes it easy to carry, also seem to be a positive factors which develop preference for Kara NPR among the consumers.

Other factors such as quantity, packing and price are the less important factors that contribute to the success of the product in the market.



## INTERPRETATION

As per the survey, 26 responses are agreed & 16 are strongly agree i.e. 42% of the total responses. Remaining 48% responses constitute neutral (38%), Disagree (13%) & Strongly Disagree (7%).

This shows that the channel of intermediaries is not making much efforts to educate the consumers about Kara products.

**Where you prefer to  
buy from**

	Frequency			Cumulative
		Percent	Percent	Percent
Valid	Mall	13	12.9	13.0
	Cosmetic Shop	26	25.7	26.0
	General Store	29	28.7	29.0
	Medical Store	25	24.8	25.0
	Other	7	6.9	7.0
	Total	100	99.0	100.0

## INTERPRETATION

Maximum number of respondents prefers to buy their skincare products from the general stores. As Skin care products are associated with cosmetics, thus, 26% respondents buy their skin care products from cosmetics shops.

Significant economic growth and liberalization in India has led the growth of malls in major Indian cities. People are more open to buy their daily household and cosmetic products from these malls. Malls stand at 13% in the graph.

However, there is a shifting of perception of the people that medical stores are not only visited for disease based medicine but for also purchase of skin care products. Medical stores stand at 25% in the graph. Hence, we should be not only focusing on cosmetic store for the sale of the product but can also take medical stores and malls to place the product for the increment in the sale.

Kara has a high degree of industry attractiveness, but with a fairly average level of business unit strength. Some years ago, Kara held a dominant position in the market of almost 56%. But with the passage of time, the industry saw the entry of competitors who offered products which were similar in features and at a price much lower than that of Kara products. This was a major reason which greatly affected the sales of Kara.

The distribution system of Kara is not effective enough as in Delhi, Kara has a 2- tier distributional channel which consists of only retailers and distributors who are catering to the sales and growth of the market for the products.

There is less availability of Kara products in the market since the distribution system of Kara is inefficient. This is the reason for the adverse effect on the sales and market coverage. Since the retailers are getting very less margins on Kara wipes as compared to other brands, they are also not much interested in selling the product and they don't take the pain of initiating sales by educating the customers about the product. Despite this the company gives no extra incentives or profits to the intermediaries to motivate them to sell its products in the markets.

The study reveals that wet wipes are becoming popular among the customers in the markets who are now using wipes instead of handkerchiefs. Despite this, people in Delhi don't use many Kara products despite of knowing about them. The reason may be that Kara products are priced high and are less available in the markets.

Channel intermediaries are not making sufficient efforts to improve the sales and promote the product. In fact, there is also a general lack of interest among the middlemen who work for the company to promote the product for the prime reason that they get very lesser almost no incentives from company and a lower profit margin in comparison to other brands.

Kara is considered to be a premium brand in this segment by the consumers as it comes under the tag of the renowned Future Group. In the current scenario, customers are aware of the various brands prevailing in the market. They are becoming more fashion conscious and prefer buying more of branded products. This can be seen as an excellent opportunity for Kara to increase their customer base by promoting the brand.

The study reveals that quality is a major factor that influences the customers of Kara wipes. The company gives more emphasis to the quality of the product to attract customers rather than focusing on any other factor.

The Kara products are priced relatively higher than the products of competing brands, A general belief among the customers is that the price of the products should be reduced.

Also, there are some very loyal customers and the majority of customers are switchers. Hence, an appropriate brand strategy must be put in place to attract and retain customers.

### **KARA NAIL POLISH REMOVER**

While conducting rigorous consumer activations in the stores of South Delhi to spread awareness about the Kara NPR, the following observations were made:

Young ladies show greater interest in the product and are more likely to buy the product than the aged ladies.

- The most preferred variants in Kara NPR are lemon and rose, whereas orange is least preferred by the customers.

- The customers find the price of Rs.100 to be too high for the NPR and maximum offtake takes place when the company launches the buy 1, get 1 free offer.
- Some of the customers find the NPR wipes to be too oily and feet that it makes the colour of the nail paint spread on the fingers.

## **STATUS REPORT**

### **SUGGESTED OUTCOMES/ SOLUTIONS**

- The pricing of Kara wet wipes should be reconsidered as the competitors are having a price advantage over Kara and the competition is quite stiff.
- Promoting the brand Kara through digital media and social media should be considered as it would be cost effective and the right audience can be reached through it.
- In the age of digitization, the focus of the company should be on other brand promotion techniques such as social networking, web-based applications and the internet. A page could be created on social networking sites that could raise awareness and promote the product to a greater extent and help the company increase its product demand and gain more customers.
- It seems as if the major users of Kara wipes include the youth population, so social media such as facebook, twitter, etc could be used quite effectively to help reach the target group in an efficient manner.
- Kara could also be promoted through magazines such as cosmopolitan, Femina, etc to reach the women in the age group of 15-40 as most of the readers of such magazines belongs to that age group.
- Transit media, such as metro could also be used for promotions.
- Activities and promotions could be done at hyper markets and malls to attract more and more customers.
- The distribution should be carefully monitored by the company to ensure whether the work of distribution is taking place in a timely manner or not.
- Some extra benefits and incentives should be provided to the distributors and intermediaries to encourage and motivate them to promote the brand expand the sales and market for Kara products.

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- <http://www.grasim.com/>

## **MARKET PENETRATION OF KARA NAIL POLISH REMOVER WIPES**

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### **ABSTRACT**

*The case focuses on the development of new product of Kara brand. It is a ladies product which is nail polish remover wipes and is better than other products. The idea behind the project was to make consumer aware of the product. Mostly people have been using traditional method of acetone but this product guaranteed hassle free removal of nail paint. The major challenge was of price as ladies preferred little less expensive product. The competition was prevailing due to Chinese product capturing a major market due to relatively lesser price offerings. It also focuses on various promotional strategies affecting buying decision of the consumer.*

**Keywords:** Acetone, Kara nail Polish remover, hassle free, promotional strategies, sales, pricing

### **INTRODUCTION**

FMCG is the fastest growing sector in the world. Millions of people are getting employed in this sector. It is expected to grow two folds in the next coming years as compared with significant growth in recent times. Most of the brands are owned by HUL which amounts a greater value in determining growth in this sector. The top MNCs are motivated to work due to hassle free license rules around the world. All has been possible due to approval of Government in providing funds and investment to foreign brands to invest in their respective countries. This would lead to the growth of their country in term of GDP as well as utilize human resource efficiently. Due to the rise in the income of people everything has been handy and easy available. Henceforth, there have been innovations in technology to introduce user friendly products in the market.

It caters mainly six sectors such as baby care, OTC, household, food products and personal care amounts to 22% which is the second highest for growth whereas food products consist major chunk of 43%. The case describes about the newly launched product in health and personal care which is nail polish remover wipes. Nowadays people have become health conscious and prefer organic beauty products. Kara has tried to fit in that market space and create eco friendly products for the consumers. The whole concept of bio-degradable products began with wet tissues to be used to clean dirt from face. It started in late nineties and has been popular since then. They emphasized the concept to use wet wipes instead of traditional handkerchief. Due to its increased sales and popularity it has been able to create a distinct space in the market of personal care. It offers a wide range of products to satisfy consumer needs.

It is a unique concept in market and was globally recognized, but it has been facing many challenges due to various players in the market. Only those companies who come up with new innovative technologies can survive in the long run. Firms need to innovate keeping consumers increasing demands in mind. They have to come with creative solutions which is globally accepted and beneficial for all.

Most of these wipes are made from bio-degradable products such as viscose which is complete natural product alcohol free product. Products free of acetone and alcohol are good for skin as it doesn't causes irritation and redness on the skin. These are harmful and may lead to skin cancer. The youth of today are aware and prefer natural products for a better living. Aditya Birla group is the biggest manufacturer of viscose products as their main aim is customer satisfaction.

These skin care tissues have been in demand due to changing lifestyle of individuals. Mostly people try to live alone or in a small family, which creates a demand for beauty and skin products. It is mostly preferred by working women who don't get time from busy office schedule to go to beauty parlor or apply makeup. These easily available skin and beauty products are handy and easy to use which makes them popular among them. The only competition they are facing is of easy available Chinese wipes which is made of polyester and is harmful for skin. These Chinese brands have been able to grab attention of price conscious people but still a lot of people prefer brand and quality over cheap price. The customers want a better product in terms of quality and reliability and are ready to pay any price for it.

Many researchers have conducted researches in this area and have concluded that there is huge market for facial wipes in India. It has been found that northern India is the largest market for beauty products. Companies have huge potential to grow and expand in the northern area. To meet the demands of consumers' tissue based firms have launched new products and brands accordingly.

### **LAUNCH OF KARA NAIL POLISH REMOVER WIPES**

After the grand success of Kara wet tissues, they came up with new product especially catering to ladies segment. This new product is Kara Nail polish remover wipes. This need was realized seeing the young women professionals and college girls. The firm launched the product in December 2016. It was a unique concept in Indian market.

Ladies have been using traditional method of acetone and cotton to remove nail paint but with nail polish remover wipes they just had to use one wipe to remove nail paint of all ten fingers of a hand. Only one wipe was sufficient for all fingers. The biggest advantage of the product is being natural product and acetone free. The wipe is bio degradable and made from viscose. It also contains olive oil which nourishes the skin and prevents from drying. It is gentle and soft which moisturizes the skin. The box contains 30 wipes which computed that a lady could be using remover wipes for a period of six months if she used in less frequently. It has also come up with different flavors which are rose, lemon, orange and strawberry, depending on various demands and needs to consumers. It is so convenient and easy to carry. It can be carried anywhere in pocket or purse according to consumer convenience. It is extremely easy to use as it has just a wipe and one needs to use it on nails to remove the nail paint. The packing of wipes is air tight which does not allow it to dry up easily thus making it long lasting for a period of 18 months.

### **PROMOTIONAL STRATEGIES**

To make consumers aware of the newly launched product Kara hired Interns to work as brand ambassadors. Their main job was to make people aware of the product, to tell them benefits of this wipes in comparison to traditional cotton liquid method and reach as many customers as possible. Use of various display boards and charts were used to promote the brand.

The company offered promotional scheme of offering one tissue wipe free with a purchase of nail polish remover wipes. The product was offered at price of Rs 100 and also a wet tissue costing Rs 25 was offered free with it. This was done to increase the value of the product offerings. Then after a month company again came up with new strategy of offering one plus one i.e. when a customer bought one product, she would get another free with it. The price of the product was slashed from Rs 100 to Rs 50 in order to kill the competition in the market. This promotional offer was targeted to capture the mass appeal. This led to drastic change in the sale in the product and also caused a tough competition in the market.

The company also came up with the idea of society campaigning in various societies in NCR. They organized an awareness campaign of the product leading to massive sales of the product.

The company were also organizing beauty contest so that it can promoted on national as well as international platform. They also came up with various innovative TV ads which ran on famous Indian TV channels and focused on the features and benefits of using Kara brand. They roped in famous celebrities to get maximum customer attention in order to increase the sale of the product. The company also focused on the social media presence and floated ads on online channels to attract a lot of youth. Their best ad campaign was during the 2000 when the product was under the Aditya Birla umbrella.

The firm also tried to offer various discounts to the retailers so that they stock their product more with respect to competitor in the market. They provided almost 15% margin to all the retailers across Delhi to push their sales. This will lead to erase out all Chinese products in the market. The retailers will not stock these Chinese products because of low quality and fewer margins. It is a huge step towards gaining customer confidence and trust. They also increased the distributors' margins so that it becomes beneficial at every level of supply chain management.

### **SALES STRATEGY**

The company also focused on the various selling strategies of selling to attract more customers and improve sales. The first step they focused was to be indifferent to sales of a product. This included that a salesperson

or an intern who is trying to show his product would remain unaffected and should not regret if they are unable to sell the product. The main aim is to create consumer attention in masses. The next step was to create a fear of loss in mindset of customers. Here the free sample was provided to the customer to feel it and have sense of ownership. So this could arouse a feeling in them to own that product before the salesman takes back from them. Then comes the next strategy of urgency where it is not expressed in verbal terms but it needed to be showed in non verbal expression of the salesperson pitching the sales. It should evoke that he needs to make many customers aware and know his product so he won't be able to spend more time. This will make customers in hurry to buy and try the product before they lose this fantastic opportunity. Finally the salesperson would create sense of greed for the product. He would pitch that previous customers who visited the store had bought the product and if she doesn't buys it, she will lack behind in the race. This will make her buy the product out of greed. These selling techniques made the sales change drastically, overachieving the target and getting an excellent response from customers.

### **CHALLENGES IN SALE OF WIPES**

The foremost challenge was from the Chinese wet tissues to remove nail paints which were available at low cost. They offered more wipes at cheaper rate. This targeted customers who were price conscious when buying nail polish remover wipes. This caused a tough competition and price wars in the market pulling out potential customers from Kara. The next challenge was to remove the notion from the mind set of consumers that wipes were not good and did not remove nail paints as guaranteed. They lacked the feel and appeal which traditional methods had. All this was created after people used the Chinese brands which were of low quality and were just for the namesake. They dried up faster making customers cheated and unsatisfied. The third challenge which the company was facing was due to liquid based nail polish remover. This had been used by Indian women since ages and it was little difficult to change their pattern of using and come up with new technological advanced product. They were not ready to leave their old ways and preferred sticking to it. Moreover, the liquid solution was relatively cheaper as compared to Kara brand which was gain a bigger issue to tackle. Ladies while purchasing grocery did not like to purchase higher rate products as it would affect their household income.

The next challenge was this remover was not applicable on artificial nails and glitters used on the nails. This was a major setback for ladies who were fashion conscious. They liked to change their fashion statement in order to look presentable in the society but Kara nail polish remover wipes were unable to remove nail paint from glitters which were used on the nails. Another major challenge was building trust among customers. They were reluctant in trying a new product with the fear of its outcome. They didn't like to experiment the new offering. Even the distributors and retailers were not ready to stock the new product with the fear of not getting required demand from the customers. Moreover they were not convinced with margin provided by the company. Other brands offered higher margin as compared to Kara brand. The company also faced the issue of getting the product segmented. Although segmentation helps in creating market space but the product is targeted only towards ladies. This diminishes more than half the market which is male dominated. This technological advanced product attracts only the younger lots. Youngsters and college girls liked using this product but older women and housewives still were reluctant in using the product.

### **QUESTIONS**

- Q1. Do you feel promotional strategies affect the buying decision of an individual? If yes, suggest better promotional ways Kara should adapt to?
- Q2. Consider yourself as the brand head of Kara and suggest innovative selling techniques to boost up sales of Kara nail polish remover wipes. What other strategies would you have adopted and why?
- Q3. In your view point what do you think how the company should tackle its obstacle to achieve its mission? Elaborate with relevant examples.

## FORD INDIA: DIGITIZING THE CONSUMER DECISION JOURNEY

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### ABSTRACT

The Indian automotive industry is one of the largest in the world. Industry accounts for 7.1% of the country's gross domestic product (GDP). The Two Wheelers segment with 81% market share is the leading Indian automotive market due to the growth of middle class and young population. In addition, the growing interest of companies in exploring rural markets has further contributed to the growth of the sector. The general segment of passenger vehicles (PV) has a market share of 13%. With more than 400 million active Internet users, India is on the verge of a digital revolution. Recent investments in telecommunications and technology have made access to the Internet a large part of the population. Digitization sets new standards for industries in India, as customers actively interact with brands and online businesses. As a result, companies are increasingly looking to invest in digital to connect, engage and influence their customers. It is expected that 70% of car sales in India will have a digital impact.

*Keywords:* Digitization, Internet, Sales Promotion, Technology.

### INTRODUCTION

The Indian four-wheeled industry is one of the largest in the world. Within the industry, the general segment of passenger vehicles (PV) represents a market share of only 14%, as shown in Figure [i] in 2016-17. The two-wheeled segment, with a market share of 80%, is the leader in the Indian automotive market. India has the fifth market for commercial vehicles and commercial vehicles in the world.

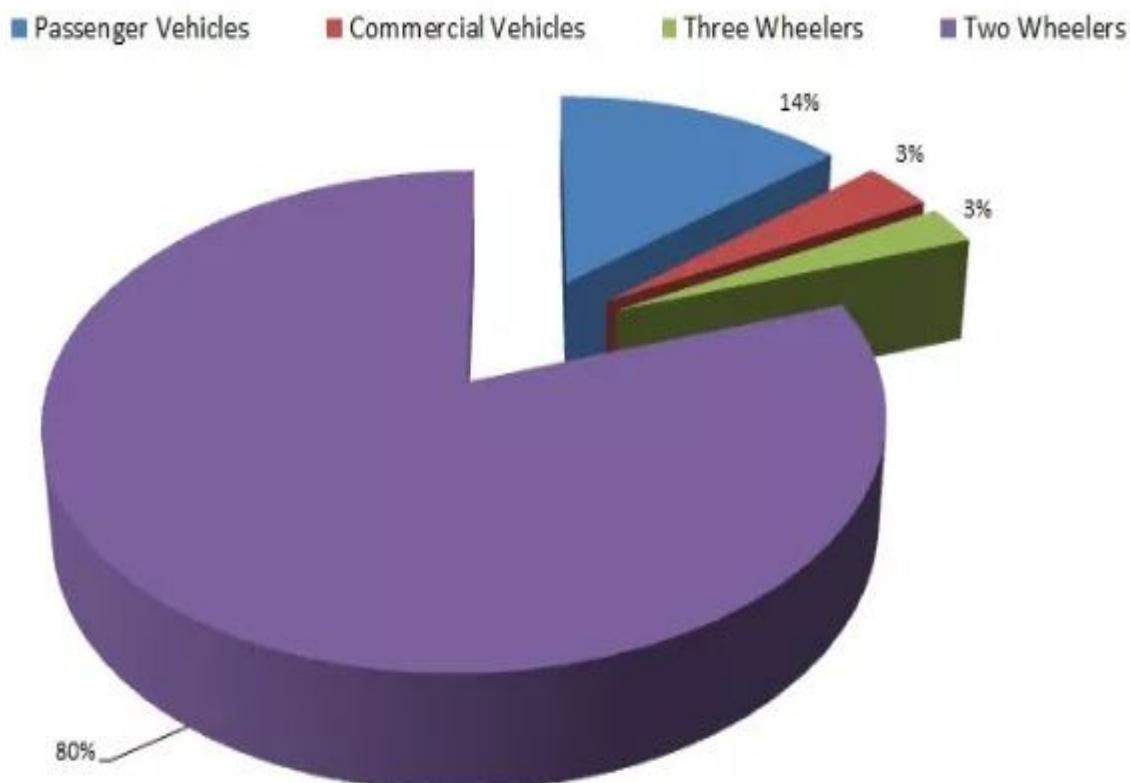


Exhibit1: Four Wheeler Passenger Vehicle Share

Market Share of Indian Automobile Market is distributed in the ratio where Maruti Suzuki holds the No.1 position (47.78%) and Ford India Private Limited hold 3% Market Share in the FY 2016-17.

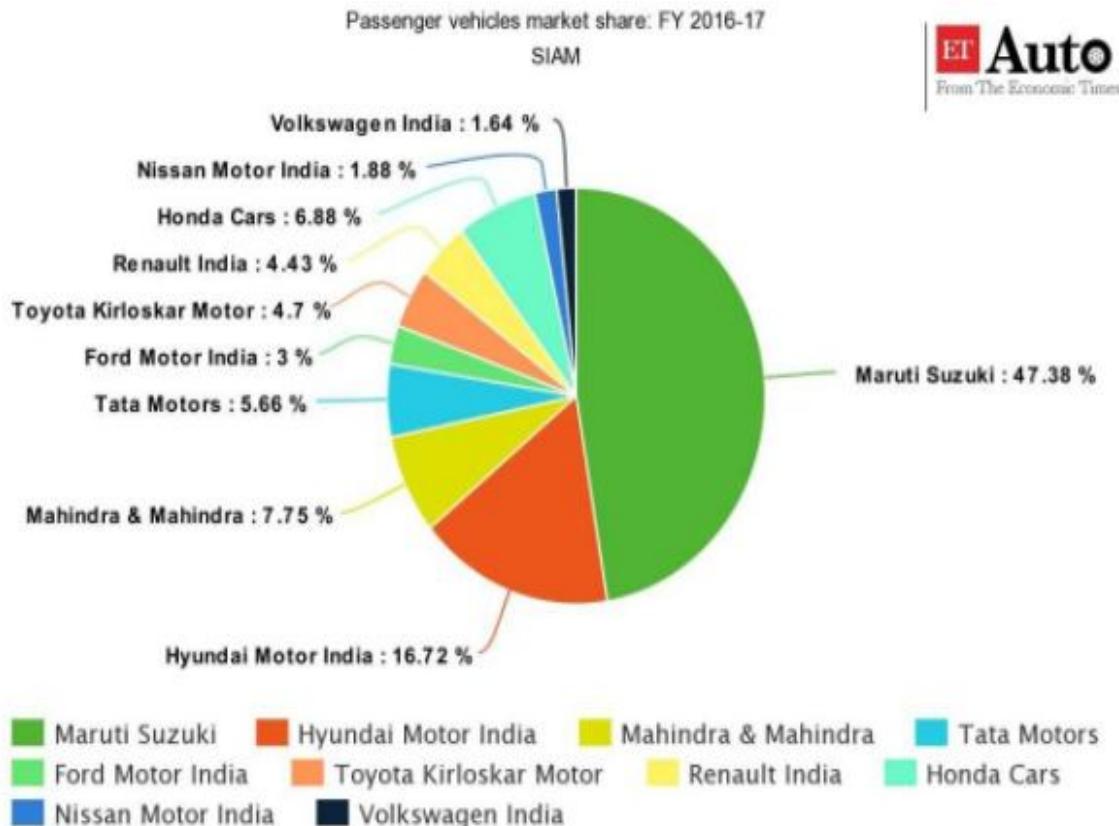


Exhibit2: Passenger vehicle market share FY 2016-17

## COMPANY BACKGROUND

Ford India is an Indian subsidiary wholly owned by the US automaker Ford Motor Company. It is headquartered in Maraimalai Nagar, Kanchipuram District, Tamil Nadu. Ford India Private Limited began in 1926, but was closed in 1954 due to losses.

It re-entered the market in 1995 under the name of Mahindra Ford India Limited. In 1998, it repurchased 72% of the shares and renamed Ford India Private Limited. Fords' main manufacturing facility is located in Maraimalai Nagar, 45 km from Chennai and has the capacity to produce 1 50 000 units per year. Ford has another factory in India in Sanand, Gujarat.

Ford Figo aspire was the first car to launch from the second floor. Ford India occupies the seventh place in Indian cars with a market share of nearly 3%. Ford Ecosport has driven sales in its segment, that is, compact SUVs with competitors over 40%.

Other Ford models include Aspire which is a hatchback, Ecosport and Endeavor which are SUV type and a Mustang top segment car. Ford India has about 3% market share across the country and is perceived as producing stylish and stylish cars for people.

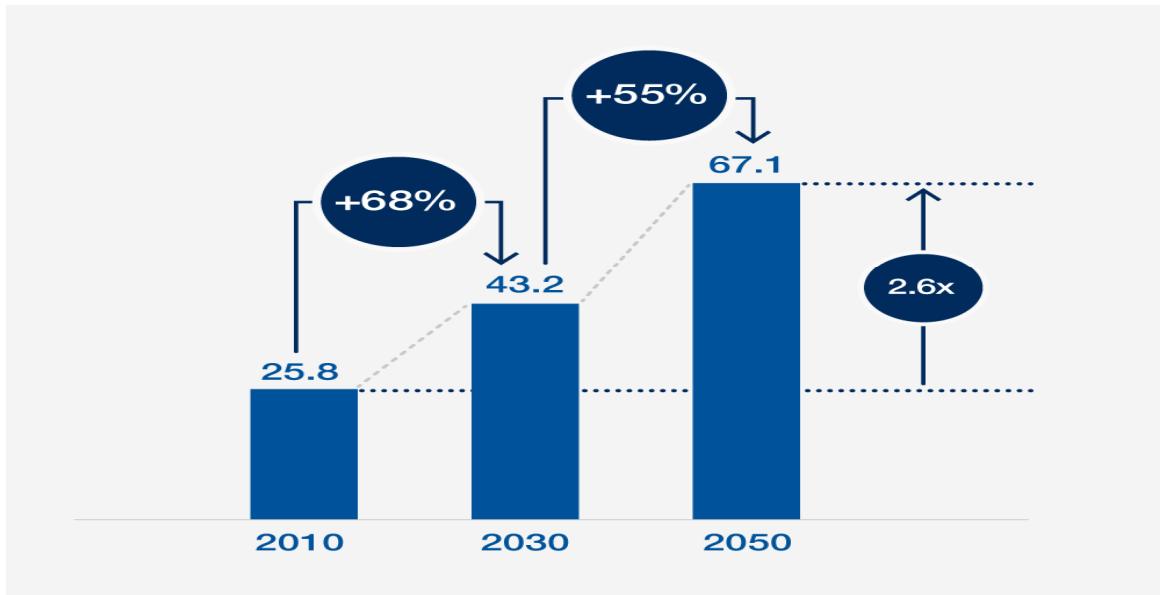
Ford India currently has 10,000 employees and in Chennai has a huge manufacturing facility with a production capacity of 2,000,000 cars. Ford India regularly invests money to spend activities in India and has invested up to \$ 72 million to date.

## PROBLEM STATEMENT

### GLOBAL TRENDS THAT ARE RESHAPING THE AUTOMOTIVE INDUSTRY

For the first time in history, more than half of the world's population lives in urban areas. At present, it is 3.7 billion, this figure is expected to rise to 66% by 2050 - with 90% of the urban growth to be established in the developing world. Urban consumers offer a much greater advantage in mobility. A recent study found that 64% of all trips are in urban environments and that the total amount of urban kilometers traveled is expected to triple by 2050.

**Figure 1:**  
**Forecast urban mobility demand 2010-2050**  
 (trillions pkm p.a.%)



Source: UN Population Division, Schäfer/Victor 2000,  
 Cosgrove/Cargett 2007, Arthur D. Little

"Road to sale", the standard automotive sales training process taught for decades, no longer meets the needs, knowledge and desires of today's car buyers. Consumers have access to vehicle features, videos, technical reviews, dealer prices, exchange values and now even at specific rental / financing prices without ever talking to a dealer.

More than 80% of all customers use social and digital media and Web 3.0 to search, select and decide on a vehicle. Mobile terminals are increasingly playing a central role in this area. Car dealers now have to adapt to these communication channels and make information available to their customers via these commonly used platforms.

The digitization of service centers opens up a new area for customer interaction. Automotive dealers adopt communication channels to make information available to their customers. These platforms offer dealers a 360° view from the customer's point of view and offer customers new digital forms of interaction and added value when buying a car and service centers. A customer-specific menu presentation offers customers an option and the opportunity to purchase products that appear on the screen and immediately change the payment and price. Today, we can design a customer-specific menu and present products that meet the specific needs of customers. The menu layout offers customers an option and the ability to purchase the products that appear on the screen and immediately change the payment and price. The potential to improve satisfaction, training, communication and, most importantly, profitability is directly related to technology in the context of the dealer.

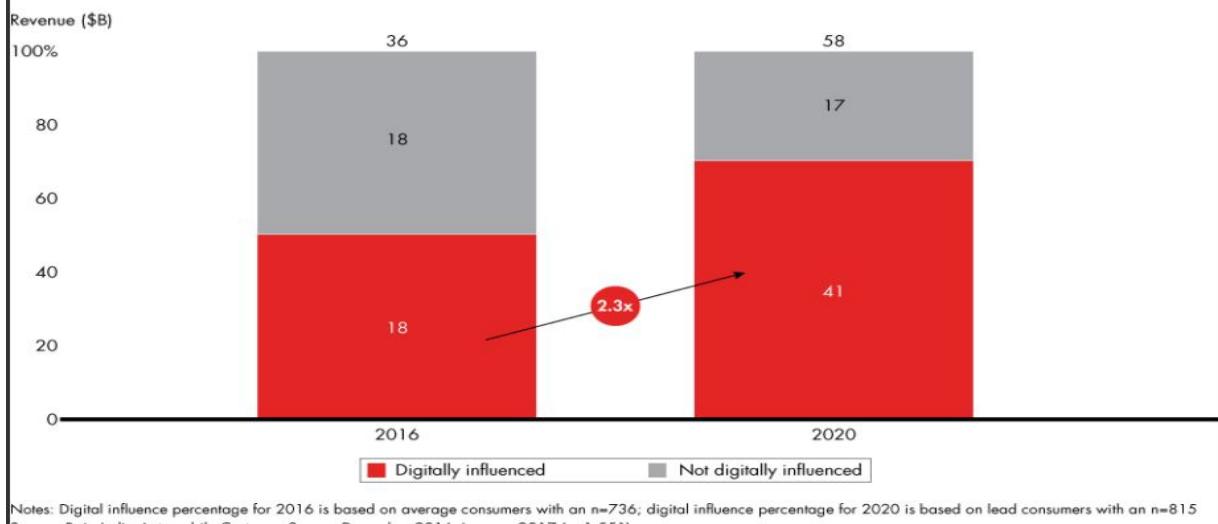
## SUGGESTED OUTCOMES

### CURRENT SCENARIO

A Research Report released by Bain & Company and Facebook on "How digital is transforming the face of Indian automotive industry". The report was created based on responses of 1551 Indian customers who had purchased a vehicle in the last 12 months and surveyed their purchase influencers. The findings were further supplemented with a survey of 87 dealers and conversations with top management teams across automakers.

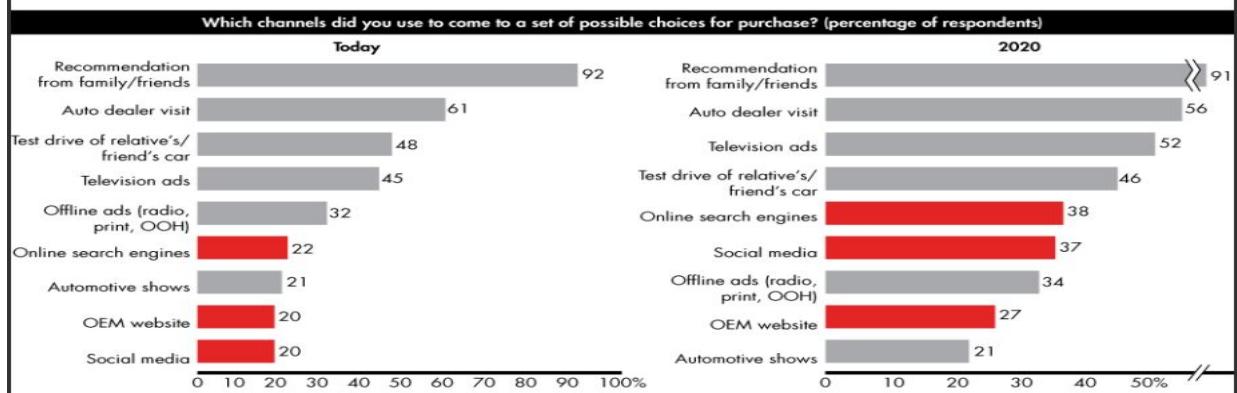
- Almost 70% of annual auto sales (about 19 million units, generating \$40 billion) will be digitally influenced by 2020, an almost 2.3x increase from today's \$18 billion per year. And automotive OEMs lag in adjusting their investment mix.

**Figure 2:** We project digitally-influenced sales will reach about \$40 billion by 2020, up from about \$18 billion in 2016



- Social media and search are the top digital influencers: Each will influence about 40% of sales (11 million units, about \$23 billion in revenue) by 2020, up from 20% (4 million units, about \$7 billion in revenue) today.
- Mobile will continue to dominate the device mix: Almost 80% of online research is currently conducted on mobile phones. This is expected to continue to rise in the coming years as market factors cause an increase in the penetration of smartphones and mobile data connections.
- High digital influence is shaping brand consideration: Digital will influence consideration in about 60% of consumers by 2020, up from almost 45% today.
- Younger customers will lead the digital charge: 49% of consumers younger than 35 report that digital influences their consideration set, compared with 40% of those older than 35. As this cohort ages and a new young cohort enters the market, digital influence is set to increase.
- The role of the dealer is evolving, especially for four-wheeler vehicle buyers: Almost 50% of buyers have made a decision on both brand and model before visiting a dealer.
- Post-purchase activities are the next digital frontier: By 2020, up to 40% of consumers are expected to book services online and about 30% will go online to purchase accessories, up from 14% and 8%, respectively, today.

**Figure 3:** Social media and search will each influence consideration in about 40% of auto purchases by 2020



## DIGITIZATION ENABLES TRANSFORMED VALUE CREATION

- A 360° view of the customer
- Digitization makes business processes flexible
- Manufacturers become service providers
- Portal knowhow generates new sales channels
- Transformation consulting
- Vertical and horizontal system integration

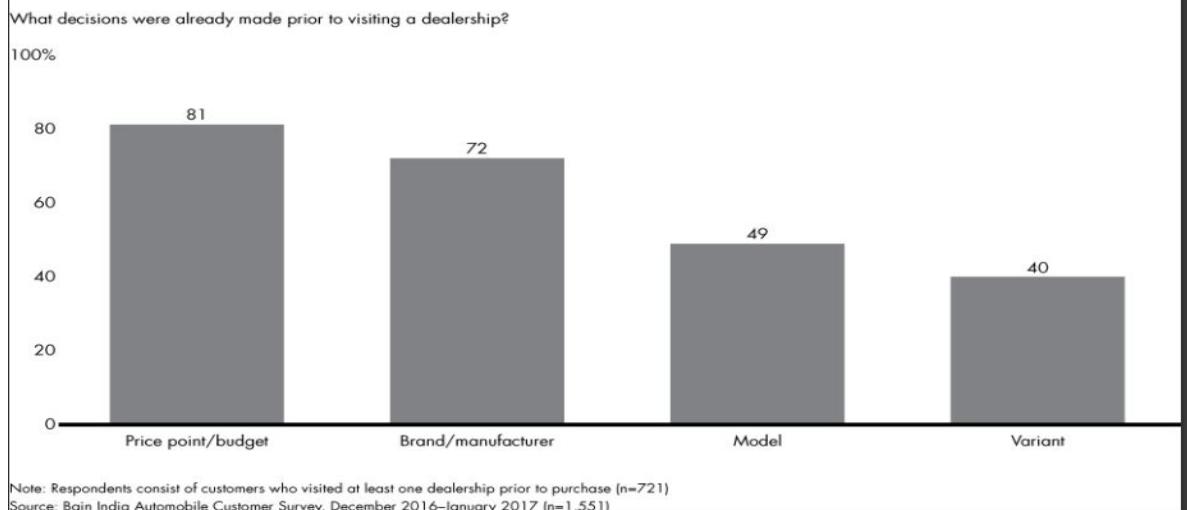
## THE DEALERSHIP VISIT AND EVOLVING ROLE OF THE DEALER

The role of the dealer is also significantly changing as a result of shifts in digitally-influenced customer behaviour. Dealers have traditionally played an important role as an information source and an influencer in customers' purchase decisions. This is changing: 72% of customers have selected a vehicle brand and 49% have chosen the vehicle model before stepping into a dealership (see Figure 4). As a result, the dealer's contribution is often limited to influencing the variant of the vehicle purchased.

Further, Bain's Global Automotive Consumer Survey shows that 66% of Indian consumers are willing to try devices that use virtual reality (VR) or augmented reality (AR) to test drive vehicles. That is significantly higher than in developed markets—21% in both the US and UK and 26% in Germany. This indicates that Indian consumers have a high willingness to adopt technologies that alter the traditional dealer role.

Dealers have started to shift towards better digital engagement with their customers, but need to enhance the sophistication of their digital outreach. For instance, more than 80% of the dealers surveyed use bulk SMS and bulk emails as a core part of their customer-targeting process. This ignores the depth and accuracy of targeting that is possible with digital tools.

*Figure 4:* Almost half of consumers have selected both brand and model before visiting a dealer

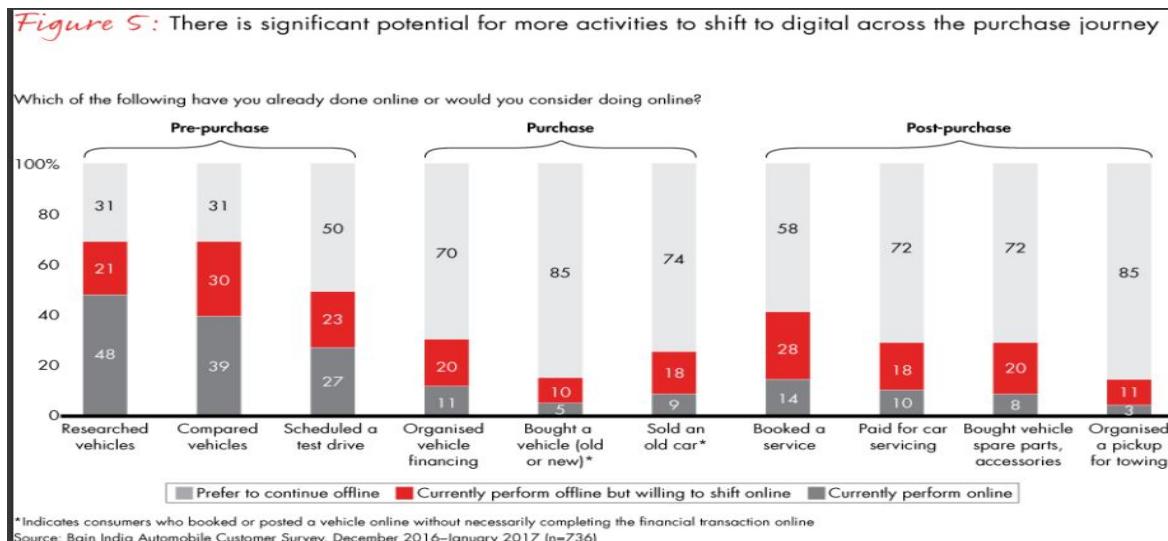


## POST PURCHASE DECISION

While the actual purchase is likely to remain offline in the foreseeable future, Indian consumers have started moving online for various post-purchase transactions such as booking a service (14% of consumers), paying for vehicle service (10%), buying spare parts and accessories (8%) and organising a pickup or tow (3%). While these numbers lag those of pre-purchase activities, it is clear that the digital shift has begun.

## WILLINGNESS TO GO DIGITAL

While the pre-purchase journey already shows a high digital influence, the next big shift will happen in post-purchase activities. Up to 42% of consumers indicate a willingness to move service booking online, and about 28% indicate willingness to move service payment and purchase of accessories online (see Figure 5).



## INDUSTRY AND COMPETITORS

Maruti Suzuki is the most loved car brand of India for its great value, fuel efficiency and huge service network. As per reports, the brand controls over 47% of the Indian car market with its small cars. Some of its popular products involve Maruti 800, Zen, Swift, Dzire, Alto and Van (Omni).

MARUTI NEXA is the premium segment of Maruti Suzuki, to match the growing demands of the Indian Market. Hence, the Maruti NEXA showrooms also feature digital experience for its customers by providing mirroring screens, car configurator and tablets to help customers experience the car in a digital format. Technology was at the centre in designing NEXA, the design teams worked towards a paperless outlet. The idea was to provide information around the market and the car on digital platform.

NEXA also provides the benefit to its customers by featuring an App that enables the customer to keep track of their history, accessory purchase, booking, event updates, and service requests. The Sales Executive at Maruti NEXA are selectively chosen from sectors such as hospitality, aviation and financial services. The interiors are selectively chosen to be of black and white theme so that the lighting focuses on the coloured display vehicle.

In order to make the interaction more informative, iPads provide customers with all the relevant information relating to the product and Apple TV, replicate the tablet screen for a better virtual experience and are, placed inside the showroom.

Maruti has come up with an innovative iCreate personalized package in India. It is provided at the time of booking. Buyers get the option to choose from a number of exciting exterior and interior colour options and patterns, interior styling elements, body graphics, distinctive head and tail lamps and mats and other accessories as per their preferences. Along with many Infotainment preferences include TV sets, DVD players and speakers for passengers at the rear. These designs are available on the company website and at dealerships. A digital configurator is available on tablet at the dealership where users can get an estimate of accessories and pricing.



**Ford India** has developed Ford Guest Experience App Version 1.0 , which is a Sales application primarily used by Sales Consultants (SC) to demonstrate and highlight the vehicle features. This App is available both for the Android as well as iOS users. This tool contains details of 5 vehicles which are listed below:

- Ecosport
- Aspire
- New Figo
- Endeavour
- Mustang

Digitization of Ford , has made us move away from a pure Sales Consultant App to a more Guest Oriented Technology tool to aid the overall Showroom Experience and provide the opportunity for the Guest to do self-exploration build and configure his/her car with the Sales Consultant to act as a support during the process.

### **CUSTOMER EXPERIENCE**

- Customer undertakes pre-visit research online(ford.com)
- Customer can learn about their vehicle and configure their desired vehicle (model, series, paint, options etc.
- Whilst finalizing the configuring of their vehicle the customer will receive a code or QR code to save their vehicle configuration and to bring the code into the Dealership to pick up where s/he left off

### **APP DELIVERABLE**

- Expectation is that when the customer enters the showroom and provide the QR code or code from the Ford website, the app will populate the customers vehicle configuration into the app through integration with Ford.com
- This functionality is presently being investigated by the Global team

### **INTERACTIVE GREETING**

#### **Customer experience**

- After the concierge has greeted the customer and enters the customer's name into the iPad, the tablet is handed over to the guest.

#### **App deliverable**

- The app displays a welcome video followed by a personalized welcome message, that addresses the guest by name and is customized for the purpose of the guest's visit.
- The app also explains the process that the customer will be going through and explain how the app will assist in the process

### **NEED ASSESSMENT**

#### **Customer experience**

- The tablet 'humanizes' the guest experience, and carries on a conversation with the guest, to understand more about the guest and his/her requirements to select the right vehicle for the customer.
- If the guest needs help deciding on the right car, the app encourages the guest to answer some questions, and based on the responses, using a pre-configured logic, offers the right Ford car for the guest's needs.
- If the customer has already been online, they can scan their QR code or enter the code from the website which recorded their build and price from the Ford website
- This should have the capability to be used as an ice breaker and build the initial relationship with the engaging interactions.
- The information the guest shares is used to 'personalize' the showroom experience and product presentation

### **App deliverable**

- Lifestyle Questions which can build a data to add to the profile and customize the product demo for him. This data will be stored in the Dealer DMS.
- Please refer to Ford Australia Needs Assessment for sample needs assessment questions

### **PRODUCT DEMO**

#### **Customer experience**

- Based on the needs assessment previously, the app configures an interactive, engaging and personalised product presentation which can highlight vehicle requirements or why buys based on their personal interests and preference.
- The aim of this part is to educate and excite the customer on the vehicle features and to ‘bring to life’ many of the technologies that are unable to be displayed in the showroom
- Please note, that sales consultant should also be able to access other product features to handle any queries from the customer.

### **App deliverable**

- Tablet to aid and lead the Guest to his model choice and also engage with him/her to present the product highlights.
- Present the Exterior of the Vehicle with a 360° View and option to rotate.
- Added Functionality to interact with Hot Spots, E.g. Boot, Doors, Bonnet, Windows Opening & ORVM Folding etc. with finger touch button. Augmented Reality to be used via the tablet.
- One touch Color Selector.
- Use AR to make the vehicle presentation more exciting
- At each position, the AR-equipped app reveals ‘hotspots’ on the car. Each hotspot corresponds to a feature that is of interest based on the guest’s profile.
- Tapping on a hotspot will reveal the feature in a rich, multimedia format (video).
- Option to start ignition and listen to Engine & Horn sound.
- Present the Interior View of the Vehicle with a 360° View and option to rotate as well as change interior colour options.

### **Titanium**

- View Product Videos
- View Feature Videos
- Links to Online Reviews, testimonials, safety tests etc.
- Ability to email brochures or a simplified product app for consumer use

### **COMPARE**

#### **Customer experience**

- To build confidence on his/her product selection, the customer should have the ability to review a vehicle comparison on key features that provides reassurance that he/she is making the right choice

### **App deliverable**

- Aid and assist the Guest to compare his model choice with competition cars utilizing a 3rd party data provider (i.e. JATO).
- This could be done inside the app or via link to a website
- Data output on features should identify product features where we lead, at par and lag for transparency.
- Ease of navigation by using a pre decided bucket of competition cars
- Option to visually compare between Ford & Competition features and technologies

- Comparisons of Non Product related aspects, warranty, dealer & service network etc.
- Cost of Ownership Comparisons
- Details of Awards & Achievements
- Items to be compared should be limited to key features not detailed granular specifications (e.g. no. of cup holders)

#### **App Deliverable**

- Provide a list of accessories to be selected with photos and price
- Ability to mail or share these photos to Social Media.
- Integrated with DMS for vehicle availability.
- Ability to select available vehicle from the stock of the dealer and build the Price
- Quote integrated with DMS
- Ability to remove/add any selected item e.g. Warranty, Accessories etc.
- On finalizing the vehicle specs, the app should be able to create an individual sales document which includes vehicle specs, brochure and pricing which can be printed and/or emailed to the customer with the contract saved in the DMS
- Enable the Guest to generate a Drive Away Quote by adding services and products to the base price
- Option to have financial loan calculator included as part of the vehicle configuration with the ability to submit a loan application from the app to the automatically market's selected finance provider (ie. Ford Credit)
- The app also provide the ability for the Dealer to select their own financier with pre-populated charges and interest rates with the ability to email the required documentation for finance processing and approvals

#### **IMPLICATIONS OF STUDY**

##### **Road Ahead**

Ford India shows tremendous potential, with the inclination of the economy towards digitization by the year 2020 to atleast 70%, it is expected that the Sales Process will become completely stringent to technology and the Market share of Ford India will increase from its current position and will show tremendous increase in its sales, due to its digitized consumer journey experience.

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## **IMPORTANCE OF DISTRIBUTION SYSTEM IN CEMENT INDUSTRY**

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### **ABSTRACT**

*Cement is essential for construction activities like building houses, factories bridges, roads etc. Transportation of bulky goods over long distances within a country or for foreign trade requires good all weathered metallic roads which in turn require cement in large quantities. One of the characteristic of a developed country is its growing infrastructure thus cement is an important element for the development of a country and its economy.*

*The main objectives of this study is to determine various different distribution channels used by cement manufacturers. To find out about the problems the dealers are facing currently. And also to compare the distribution system of the industry.*

*The study discusses that how does the cement industry works , what relevance it has in the economy and what are the raw materials used. The study reviews that how important it is for manufacturers to look into the efficient working of the sales force.*

### **INTRODUCTION**

The Indian cement industry being the second largest producer in terms of cement in the entire world but being second after China with a capacity of 151.2 million tones (MT). The government in India has been quite supportive in giving a huge amount of boost up to the various companies in terms of infrastructure project , road networks , housing facilities .the growth of the cement manufacturing industry is at a great pace adding to the Indian economy at a huge amount.

In the upcoming years India is expected to have a more improvement and a large scale growth in the cement industries over the coming years. It is believed that in the upcoming years India is going to have a growth in the cement industries as compared to last years which was from 236.16 mt in financial year 2011 and also which was 262.61 mt in financial year 2012 .

The cement industries in India are tend to be dominated by round about twenty companies at approximate in number, which genuinely account to more than 70 percent of the production of cement in India. The total amount of cement produced by the major cement producing companies all over India were 11 mt during the financial year April to September 2009.

There is an important role played by the cement industries in growth of the economy of any country, they contribute in growth as well as in the development of nation. Cement industry is under full control and also under the supervision of the country's government. The economic reforms which were introduced made the growth and survival of cement companies much easier. Still there is a lot interference by the government in functioning of the cement industries which could be seen in the pricing policies and which is quite evident.

It got great relief at a large extent after the economic reform which made its growth easier. Still government interference, especially in the pricing, is evident in India.

### **TOP LEADING COMPANIES**

- Ultratech Cement
- Century Cements
- Madras Cements
- ACC
- Gujarat Ambuja Cement Limited
- Grasim Industries

- India Cements Limited
- Jaiprakash Associates
- JK Cements
- Holcim
- Lafarge
- Heidelberg Cemex
- Italcementi

## OVERVIEW

A major focus of channels of distribution is delivery. It is only through distribution that public and private goods and services can be made available for use of consumption. Producer of such goods and services are individually capable of generating only the form or structural utility for their product and services. They can organise their production capabilities in such way that the products they have developed can, in fact, be seen analysed and sold in the market. "Marketing Channels are set of interdependent organisations involved in the process of making a product or service available for use on consumption. They are a set of pathways a product or service follows after production, culmination in purchase and use by the final end user". -Philip Kotler

Cement companies face numerous challenges, both in selecting appropriate KPIs at the company level and in implementing the selected KPIs at the operational level. To facilitate internal deployment, we recommend that the KPIs for SD be clearly linked to enterprise value. Further, we recommend that cement companies collaborate with external organizations to establish worldwide standards for SD performance metrics, thus simplifying results verification and stakeholder communication. Finally, we suggest the establishment of an independent entity to support industry benchmarking of SD performance.

Cement is a low density material, that is it occupies more volume ( space) for less mass . hence transporting cements is costly matter. Hence cement cannot be distributed over long distance and is distributed regionally. It is of utmost importance for the cement dealers and the manufacturers to develop and strengthen its distribution network to all customer segments.

For a cement manufacturer it is of keen observation to check on the distribution channel of the commodity and timely availability of the material .major cement players in the industry need to apply the correct sales force for the distribution of the cement. One of the major inspiration for cement industry is- HUL – an inspiration

The planners dealing with the demand and supply channel for any company or for any industry needs to be analytical at great extent and also have great interpersonal skills to act as innovators in the market. They act as key sales and also the process in operations planning within the business functions.

HUL uses its sources of raw material intelligently to accurately optimize the quality and cost, and also other non-production and packaging items that helps in making its business more effective.

HUL is having the best manufacturing record all over the world as many of the facilities that they provide are considered best compared to all rest of the brands.

These facilities provided by the company helps improving the efficiencies and also helps in looking through and adapting the daily changing needs and wants of the consumers and look into the recent trends in the market.

HUL's distribution network is considered to be the best as compared to all the rest FMCG companies and the services provided by them.

Looking at the current situation HUL has a strong network across the entire world which has about 7000 stockists dealing in redistribution and covering more than one million outlets.

When we look at the data that is available we come across with the data flow that the rural consumers we come across that the rural retailers have great influence on the purchase occasions which influence it at 35% at approximate.

The brand choices , volume and the market share are therefore influenced by the availability of product in the market.

The principle named project STREAM LINE was used by the HUL. The principle's main motive is to leverage the scale and also the organizational synergy inorder to make it easy to the reach in the rural markets.

### **CEMENT CAN BE SOLD TO TWO SETS OF CUSTOMERS**

- Retail Customer – Trade Segment – Has Higher Margins
- Infra Customer – Non Trade Segment – Has Lower Margins

As far as the retail customer is concerned – cement is a push market industry – so whoever is able to push its product first to the customer, will be able to successfully sell it.

The reason being – at the end Cement is a commodity. A layman doesn't differentiate between different brands. The lead sales influencer is the mason and the shopkeeper.

*He goes to buy Cement only when he immediately needs it, and will buy whichever is immediately available.* So it is important for a manufacturer that he is able to successfully push his product on the shelf of shopkeeper (ship it on time) and incentivise the shopkeeper enough (discount and commission) so that he sells your product.

Sales Price is determined based on demand and supply. It's a dynamic pricing market.

Cement is a bulky material – hence handling this bulky material takes a lot of effort. It occupies a lot of space and carries a lot of weight. Hence higher the distance a cement bag travels, higher is the freight and handling cost involved and lower is the profit a manufacturer makes.

For the retail customer the commodity is to be made available through retail outlets or dealers having their set up in the prime location for that it makes the retail customers to access easily. For infra customers or the real estate companies the cement is not distributed or bought through retail shops a dealer is assigned by the company to each of the company or the sales force team plays an active role in determining their cement demand and meeting their needs.

- Sales force team of any cement manufacturing compay plays an important role in distributing the cement agency to the dealers or ensuring time to time delivery for both trade and non- trade segment. Hence the sales force team needs to be motivated time to time to ensure a good earning and profit margin. Some the ways the sales force team can be motivated is -Our basic package includes salary, medical allowance; house rent, leave travel allowance, conveyance, and performance linked variable reward and benefits like statutory provident fund, ESI scheme, leave encashment facility, group gratuity scheme etc.
- Annually we organise family get together for all employees and employee engagement programs are conducted once every quarter involving all functions.
- Along with this we have several other incentives like group medical insurance facility including family, free medical camps, subsidized canteen facility etc.
- Cash reward: A cash incentive plan is probably the best way to reward a desired behavior. It can be a part of the compensation plan for achieving goals or even to ensure compliance. Cash incentives may include extra paid time off, profit sharing or stock options, planned bonuses (quarterly or linked to performance).
- Gift certificates and discounts: Discount on gym memberships or clubs, all expenses paid vacations, and meals at fancy restaurants are some examples of popular monetary incentive plans.
- Benefit plans: better or customized retirement plans or supplementary income building plans for the best performers.

## **ANALYSIS**

The cement sector contributes to a great extent to the Indian economy thus increasing the income segment for the people dealing in it. Indian cement industry after china is second largest manufacturer after the china market.the total cement manufacturing capacity of Indian cement industry for the financial year ending in 2015-2016 is of the capacity of 384 million tones. Cement as a commodity is of high correlation along with the GDP.

Demand of cement is spread across in various sectors .its is complying of 40% in the rural housing in the real estate sector, the urban housing contributes upto 25% and while the other industrial activities or the construction or the infrastructure activities .while the commercial real estate sector accounts to 10% of the cement demand.

Till the financial year 2025 the cement demand is expected to touch 550-600 million tonnesp.a.the biggest cement demand driver is the household sector looking for about 67% of the consumption. Infrastructure being one of the most major cment consumers account in for 13% of the consumption, whereas the commercial consumption contribute to consumption to about 11% and the industrial construction sector contributes to about 9% of cement consumption. As with the growing consumption level the cement industries are facing a problem in meeting the new needs of the consumers and are expected to make an add on in the production capacity to about 56 million tonnes over the coming three years. Where as where when the data of the entire world is looked upon the cement consumption in india is still substantially low with less than 200 kg and when looked upon the entire world it has a consumption of about more than 500 kg. and when the statistics of china are looked upon china alone is serving to more than 1000 kg of the cement consumption per head. This highlights that there is still a wide scope of improvement in the cement sector in india looking ahead in long terms. Cement when looked individually is a bulk commodity , it is an industry which is freight intensive and supplying and distributing it to places far off covering large distances can be uneconomical for the people dealing in it. This has in turn divided and made cement industry into a phase where the manufacturers deal into their own segment and have plants located in regions such as north , west, south , east and central region. Many of the major cement manufacturers have their plant set up in these regions hence making it easier for the transport of the commodity over the places which proves to be economical and covers the cost on manufacturing and helps earn them profit as well. If we look closely at the manufacturing and the consumption level all over india , southern region in india is looked upon at having the highly installed capacity, which in turn accounts for about to indias total cement installed capacity to about one third of the contribution from southern region itself.

A questionnaire survey was conducted where twenty cement retailers were asked about the brands they were dealing in and what customers they were dealing with .and many questions related to whether it is the quality or the price or the brand name that affects the consumer and what actually leads the end consumer or the contractors to buy a certain brand. Also in what quantity and in what time is re-order placed from the retailers seeking for timely delivery of the products.

## **THE QUESTIONNAIRE SURVEY PERFORMED LEAD TO THE FOLLOWING CONCLUSIONS**

### **The nature of shop the cement dealers are dealing in are**

- 30% are dealing in cement/building material shop
- 55% are purely cement outlet
- 15% are dealing in cement cum hardware shop.

### **The study showed that the dealers dealing in cement brand ultratech are 25%**

- Dealers dealing in jaypee cement are 5%
- Cement dealers deals in cement brand orient and jaypee both are 5%.
- Cement dealers dealing in orient and shree are 5% while the once dealing with J.K cement are 15%.

**The once dealing in jaypee and prism are 5%**

The once dealing in jaypee, orient and J.K cement are 5% retailers in count. Cement dealers dealing in ambuja cement are 15% and once dealing in shree cement are 10%. ACC cement dealers comprise of 10% share in the market.

55% of the cement retailers sell more than 800 tons every month. As per the data analyzed about 35% of the retailers and dealers sell about 600-800 tons every month. 5% of them sell 400-600 tons and the rest 5% sell 200-400 tons every month.

How supply plays an important role in determining which is the most preferred brand because at the end of the day the main issue with the retailers dealers is the supply of the cement. Looking at the supply chart ultratech has the best supply following by the J.K cement and then the thejaypee cement.

One of the important factor is the delivery of the cement and how often the order is replaced depends on the re order level.40% of the retailers place the order once in a month 20 % of them place it daily.35% of them place it once in 15 days.

**CONCLUSION**

The cement industry has to check our product to reach the dealer in timely and regularly. Because it can be increase the sales volume and brand Image. The Industry has to fix the price very standard and make aware of their product to the Public. The cement Industry has to involve the market research and technology research to provide quality and assured cement products to the customers. They have to directly involve to collect the feedback from various customers. They can create trust among the dealer by taking immediate corrective actions for the problems like shortage and breakage and also concentrate in credit facility of the dealers to extend their service for dealers required.

**QUESTIONS**

1. Except the sales force , what inspiration does cement companies need to take from leading FMCG brand – HUL?
2. What channels of distribution do you suggest for both trade and non-trade channel in consideration to the profit margin respectively and why?

## BUSINESS NETWORKING AND RELATIONSHIP BUILDING VIA MARKETING INITIATIVES

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### ABSTRACT

The ultimate idea behind to take this project was to learn-as it never ends. It is exposed to different departments, functions, strategies and way forward planning required for any startup to introduce itself in the market and differentiate itself from the competitors and sustain. The main motive was to know the customer satisfaction level with regard to their Healthcare issue. The estimation was made with help of questionnaire and interviews with customer.

A sincere effort has been made in this regard to find out the customer satisfaction level.

**Keywords:** Home health care, Customer satisfaction, Health card, Corporate wellness

### INTRODUCTION

#### OVERVIEW OF ZEPHYR BUSINESS



- Zephyr Ltd was incorporated in the year 2001
- Zephyr is a parent company which is into diversified businesses.
- Main business areas being
  - 1. Construction: (wahkong construction indiapvt ltd + jiangxi group)
  - 2. Home services : Qwkly
  - 3. Skill development : Ashpra(partner with NSDC)
  - 4. E-commerce : Bohocraft.in
  - 5. Home health care: Zoviko

#### COMPETITORS

- 1) Zoctr
- 2) Healthcare at Home
- 3) Homital
- 4) Medfind
- 5) Portea medical

#### MY TOPIC

#### OBJECTIVES OF THE STUDY

- To explore the potential business opportunities for Zoviko Assess the requirement of discount cards by potential customers of zoviko Problem Statement

The problem was to understand different departments, functions, strategies and way forward planning required for any startup to introduce itself in the market and differentiate itself from the competitors and sustain.

### **WORK PERFORMED THROUGHOUT THE TENURE OF MY INTERNSHIP**

- We had a team of 8 members each allotted with a territory in which he/she was supposed to work. All were asked to make a list of hospitals, bureaus and corporate which comes under their territory. The region of our work is Delhi NCR.
- We were to meet the owner, medical superintendent, HR, and CEO of bureaus, hospitals and companies and tell them about the company and the association we want to form with them and the benefits attached with it.
- I covered almost 25 hospitals and 5 bureaus and 5 corporate in not more than 15 days out of which 11 hospitals, 3 bureaus and 3 corporate agreed to fill the tie-up form
- The another work assigned to us was getting the general public opinion about the launch of an health card which would cover the OPD, diagnostic and medicine charges
- We were supposed to do a survey with the help of a questionnaire and get the general public opinion

### **OUTCOMES**

- It was seen that most people have health insurance with 52% saying they had health insurance usually given by their company
- It was seen that the people who had health insurance said their doctor consultation, OPD and medicines were not covered in the health insurance
- It was seen that most people visited doctor 1-6 times a year with a medical expense of 1000-5000 for most people it could be seen that people do have great medical costs which can be reduced by a health card by giving discounts
- It was seen that people wanted a experienced doctor more than anything people care less about fees as it is a one-time expense but are more afraid to be treated by a incompetent doctor
- Next thing people preferred when selecting a doctor was that the doctor should be close to place so that often visits were possible.
- Most least thing thought when thinking about a doctor was his/her fees as health is more important to care about fees
- People preferred renowned labs as the most important factor while choosing a lab
- Close to place matters second while choosing a lab for testing and fees is the most under looked factor while choosing a lab
- Most preferred pharmacies which were close to place as the most important factor
- Branded or fees was not that though about when selecting a pharmacy
- Most people had associated services such as gym, spa etc in the previous year which makes a service to be added to the health card
- Most people are not given discounts on medicines, diagnostic tests, or OPD which makes the card a new and good option
- Most people want discounts on health services which makes the health card more attractive
- 84.7 percent people want health card for getting discounts on medicines, OPD and diagnostics
- Most people think that the price of health Card should be in between 1000-2000
- This makes the health card in demand with the people with more than 80% people want to get discounts on medicines, OPD and diagnostic tests

### **SUGGESTED SOLUTIONS**

- 1) A company should issue health cards as soon as possible
- 2) There is a lot of scope for growth and accomplishment as people are willing to buy such health cards

- 3) Company should primarily focus on understanding the target segment-people who actually need such health- card services and are willing to pay for it
- 4) Proper strategies should be implemented to launch the health card in the market

#### **IMPLICATIONS OF THE STUDY**

The study will help the company to know about ways and methods in which it could form association with corporate, society and hospitals.

It also helped the company know whether the launching of health card be beneficial to the company or notand what is the potential target market for the same.

It will also help the company to understand how they could make effective use of E-commerce

## WIPE MARKET TURNING UP AND DOWN

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### ABSTRACT

*Future Consumer Enterprise Limited subsidiary Kara is currently facing bottlenecks in Modern trade Channel of Distribution which leads to loss in sales opportunities ( Big Bazaar , More , Easy day and Reliance fresh ) . The sales team of Kara has restricted market coverage due to incompetent channel of distribution because distributors operate inadequately . Reason behind disinterest of distributors is less margin on product in compare to competitor product . After analyzing the problem , company has decided to reform its strategies to guarantee maximum utilization by contemplating the issue of margins to the intermediaries and utilizing a variety of financial and non-financial incentives to motivate channel members in order to achieve the titanic market share and consumer base as well as to gain competitive advantage and to ensure that the distributors operate effectively on their behalf. Strategy must incorporate the right level of control and support by increasing number of distributors in different areas according to requirement for mass coverage of market to increase the awareness of the product to retain consumer .*

*Keywords : Channel of Distribution , Modern trade , Strategies , Margin , incentives .*

### INTRODUCTION

Distribution channels of Kara can be understood by analyzing their constituents, structure, functions, and contributions. Channels consist of three categories of entities: Facilitators , Distributor and retailer, promote products and generate sales but do not themselves buy and stock products . Facilitators such as logistics service providers, independent warehouses, carrying and forwarding agents, and transporters facilitate movement, storage, and delivery of products but are not involved in promoting or trading . Distributors buy, stock, and sell goods to others in the chain or to ultimate consumers. Distributor are usually independent but in this scenario company have their own trading units or retail outlets that is Big Bazaar, Easy day Reliance fresh and More etc. This outlets have more margins in compare to normal retail outlets and this indifference is also one of the issue for distributor to deal . A major challenge for manager in channel management is keeping channel members motivated to support the principal, especially when markets are tough. Channel member profitability is a major driver but not the only factor affecting channel member satisfaction and motivation. The firm in order to achieve competitive advantage and resolve all major issue modify its strategies to utilize a variety of financial and non-financial incentives to motivate channel members. Channel incentives can range from credible channel policies, market development support, supplemental contact, high powered incentives, and end-user contact.

During the observation company found that customers are attracted to chines brands due to poor visibility of product and inappropriate shelf space . To improve visibility of the product company decided to modify its strategies by increasing the number of sales men in the modern trade sector to have regular check in retail outlets and to study offers provided by the competitors which acts as a catalyst in the consumer buying behavior.

Research is done by the company in the Indian market context about the motivational effectiveness of various types of channel incentives. Conjoint studies of channel member margin and incentive packages proofed to be useful. Other factors which affect consumers' channel choices are retail brand image, store loyalty, store status hierarchy, variety seeking behavior and leisure and entertainment habits of consumers. More research is required to understand Indian consumers' preferences regarding traditional and modern outlets.

The distribution channel of Kara is shown below in Figure 2

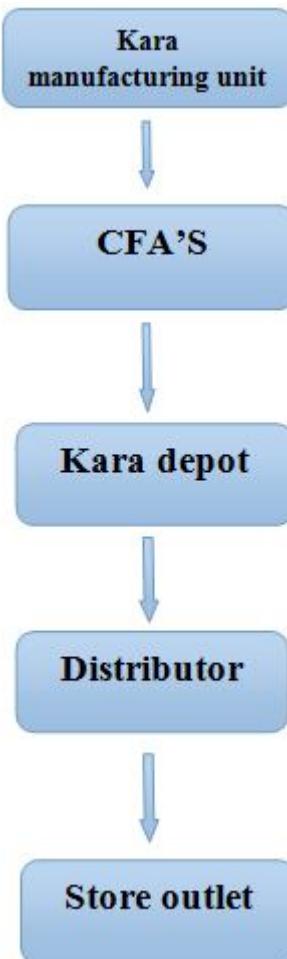


Fig. 2 Distribution channel of kara wipes

### OVERVIEW ANALYSIS

Currently, modern trade sales team of Kara is facing the problem of loss in sales opportunity due to inefficiencies in the back end supply chain. To come with the solution of this problem, the manager at Kara decided to back track the supply chain so as to understand the problem at each level in the supply chain process. The manager realized that to minimize these sales losses, the role and responsibilities performed by intermediaries must be accessed. The following are the key observations. The distribution channel of Kara is a 2 tier distribution channel and consists of manufacturer, distributor, retailer and consumer. The distribution channel is not well established and has several bottlenecks in its functioning due to some of the following reasons: The distributor does not have a direct interpersonal contact with the retailer which is a fundamental pre-requisite. The Organization has not appointed a specific sales-person for stock clearance. The only link between the company and the retailers is a Senior Sales Associate with no specific dedicated sales team under his supervision. This recount to be a major issue in the distribution channel because a single person is unable to efficiently manage all the marketing activities simultaneously like several promotional ad campaigns, recollecting and analyzing of product queries and after sales issues, making sure of the timely dispatch and delivery of the product, pricing issues, product and brand awareness etc. Due to this reason a selective and intensive coverage on the brand positioning and consumer behavior has been undertaken in several markets. Due to the present distribution channel the availability of Kara wipes as well as availability of all the variants of wipes is less in the markets when compared to the products by competitors. Distributor alone cannot cover the whole city, as he has only limited shops in the assigned market. Company is giving a margin of 20% to the retailers, which is very less in comparison to the margin offered on other competitor product like **Johnson & Johnson, Zuci, Novel, and Himalaya** which are providing upto 30-

35% of margin to the retailers. Due to this reason retailers are more keen in stocking and selling the products of the other brand rather than Kara. There is a deficiency of sales executive and sales force working in Patiala market to increase market penetration and have a long lasting business relationship with the intermediaries which is an indispensable element to increase the sales in a geographical area. Price of Kara wipes is sky high when compared to the other related products. Due to this in some of the markets the demand of the product is very less because only fashion sensitive and the people enjoying a high standard of living can easily purchase this product but people having limited income see the price before purchasing. In some of the areas demand is less because it's a new category of product and due to less awareness and popularity it will take time to generate more sales.

Due to implementation of Goods and Services Tax from 1<sup>st</sup> July, 2017, many retailers temporarily stopped ordering and renewal of stocks and new retailers were also apprehensive about it. Cultural barriers to consumption have kept the tissue and cleanliness industry from scaling the development statures accomplished by other consumer goods industries. A portion of the classifications, for example, toilet paper have market potential in urban market just, rural consumers seldom utilize toilet papers. Different classifications, for example, baby wipes and diapers are picking up market share in rural market. In any case, tissue and cleanliness market can be considered as a urban phenomenon yet the class has immense undiscovered potential in rural ranges also.

### **STATUS REPORT**

According to the sales manager of the modern and general trade team of Kara, the following supply side gap leading to inefficiency in the supply chain operations .

**MRP Mismatch :** MRP of Kara wipes at different retail outlets are found different , which affect the brand image of the product adversely .

**Sale of expired product :** For clearing old stock distributor deliver some expired product pack with fresh product which again directly affect the consumer buying behavior of the product.

**Allergic reaction :** Retailers receive feedback from few customers about the allergic reaction by sunscreen wipes .

**Visibility :** In many outlet Kara wipes are not place properly in the shelf and other competitor wipes are also placed in the same shelf lead to mismanagement of product as a result it cause hindrance in the visibility .

### **CASE PROBLEM**

The sales team is concerned that these inefficiencies in the supply chain process will leads to poor results in the forthcoming quarter and will impact the sales from modern trade channel of the company . If the team will not take any action, the chances are that they will get stuck with the collapsed system in the market . The interns help them in assessing the situation and come up with the realistic and effective solutions to minimize the losses. The team has asked the interns to define the new business model and how to enhance the market share.

### **QUESTIONS**

1. How you will handle this problem as a manager? Elaborate with the suitable business model.
2. What are the expectation from the employee in modern trade retail and general trade outlets ?
3. Being a Manager would you suggest the company to go for the intermediaries margin ? Justify your answer.

### **APPENDICES**

Initially in order to enhance consumer awareness about the product in different markets of Patiala, we distributed free samples of KARA wipes to endow people the opportunity to use and get acquainted to KARA wet wipes as a first time approach. A field work has also been done to know the response of the customers towards the brand of company, brand of the competitors, their perception about using wet wipes etc. Wherein we chose venues like malls and major markets where I had to intercept respondents and request them to participate in the study. We were divided into groups of three and the targeted Sample size was 300.

Out of 300 respondent 254 are using wet facial wipes for their skin. From 2009 there is a development of about 20% in this. Peoples in urban communities are ending up noticeably more fashion arranged and because of this demand of these wet wipes is expanded.

48.7% cosmetics shops are the potential places to target for increasing the sales. 38.7% of the respondents are purchasing their skin care products from modern markets like malls, More, Easy day and many other super markets as well as numerous general stores that exist in Patiala. Respondents also prefer to buy their skin care products (medicated hand sanitizer wipes among them) from medical stores and the ratio is 38 out of 100 (12.7%).

40.87% respondents came to know about KARA wipes by Retailers. This indicates Retailers are actively pushing and promoting the brand in market Their inclination maybe perhaps due to 1 + 1 offer given to the retailer by the company. All they would need is a little catalyst in form of a little better margin and such discount offers in future. 32.9 % and 13.10% of the respondents became aware about the Kara wipes through advertisements and hoardings. This signifies that promotional strategies like Advertisements on TVs, social network ads, hoardings, pamphlets in Patiala is going on in a very effective manner. 14 % respondent got promoted by publicity through words of mouth. Company ought to direct their attention towards this factor as it will play a significant role in promoting the brand in future. 15.7% are not using facial wipes. Kara contributes 64.03% of sales in Patiala markets. Kara is facing fierce competition from Himalaya which contributes 18% of sales in Patiala markets and growing despite its entry into wipes segment in 2015. 18.17% of the market is covered by Novel and Zuci . Competitors' lower price than Kara attracts customers but they are not performing any extensive Promotion Strategies like Kara and the brand has an upper hand as it's an old player in the segment. As India is a developing country as well as a price conscious market, most of the people prefer to spend less on cosmetic product primarily as they are becoming fashion conscious gradually and the level of awareness that persist in them. Evidently, 39.3% and 40.55% respondents like to pay Rs 20 – 60 and Rs 40 - 60 on 10 wipes pack respectively. Rest 20.2 % of respondents are less concerned about the price, what matters to them prominently is quality and utility provided by the wipes. The Survey shows 55.5 %(141 out of 254) respondents use facial wipes for refreshing and cleansing purpose as the due to steep increase in pollution and external lint, particulate matters in environment. The tropical climate prevalent in India further paves the way for consumers to opt for steady freshening-up and cleansing solution which can be portable and convenient to use. Refreshing and cleansing Wipes provide one stop solution to this concern; hence we see most of the customers favoring them. 21.7 % (55 out of 254) respondents use Sunscreen facial wipes to protect their skin from harmful effects of UV rays and tanning .12.2%(31 out of 254) respondents use Toning Wipes. Summers are at their peak and getting out during day time nowadays is a challenge. Toning Wipes tighten the skin and maintain the normal pH value of the skin. 10.6 %( 27 out of 254) respondents use Moisturizing Wipes.

## **DIGITAL MARKETING AND OPTIMIZATION OF WEBSITES AND CHALLENGES FACED BY DIGITAL MARKETERS**

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### **ABSTRACT**

*Digital marketing has contributed to the advancements on building brand of products and services offered, by means of at least one type of electronic media and vary from traditional showcasing, in that it includes the utilization of channels and techniques that empower an association to break down promoting efforts and comprehend what is working and what isn't in real time. Digital marketers screen things like what is being seen, how regularly and for to what extent, deals transformations, what content works and doesn't work, and so forth. While the Internet is, maybe, the station most intently connected with advanced showcasing, others incorporate remote content informing, versatile texting, portable applications, podcasts, electronic bulletins, computerized TV and radio channels, and so on.*

### **INTRODUCTION**

Digital media is pervasive to the point that shoppers search for data whenever and wherever they need it by going through several different web pages to collect product related information. Gone are the days when the messages individuals got about their items or administrations originated from the marketers end itself which comprised of just what you needed customers to know digital media platform is a regularly developing wellspring of stimulation, news, shopping and social cooperation, and buyers are currently restricted not simply to what an organization says in regards to their image, however what the media, companions, relatives, peers, and so forth., are stating also. Furthermore, customers inherit trust on additional sources which they have looked for. Individuals go for brand image so that they can trust, organizations should know correspondences that are customized and important, and offers custom-made services as per the requirements and inclinations of online customers.

### **MANAGING CUSTOMER RELATIONSHIPS ACROSS DIFFERENT CHANNELS**

Digital media promoting and its related channels are vital and it is insufficient to simply know customers instead marketers should know their competitors and target customers through a platform channel where individual customers can interact with marketers in real time having first hand information where they are most open to read and revert to the messages. To have real time customer orientation, An organization requires a merged perspective of customer inclinations and desires over all channels – Web, web-based social networking, portable, regular postal mail, purpose of offer, and so on. Marketers and organizations can utilize this data to make and foresee predictable, facilitated online customer encounters that will move clients along in the purchasing cycle. The more profound knowledge of customer conduct and inclinations, the more probable successful is the operation to attract customers in lucrative associations.

A diverse Digital marketing strategy that included SEO (Search Engine Optimization), SMM (Social Media Marketing) and other Internet Marketing strategies like Content Marketing, Display marketing and video marketing were used. Taking into consideration the massive structure of the website, planning for the following activities need to be carried out: Search Engine Optimization – On-Page Plan Met tags such as Title Tags and Description Tags with appropriate keywords added.

The normal CTR for business messages is 3.5% – obviously, that relies upon your division and rundown quality. Before you begin email showcasing, it's basic that you have agree to send individuals messages and you conform to CAN-SPAM enactment. When you have everything prepared, it's simply an issue of sharpening and enhancing your way to deal with reach whatever number individuals as could be expected under the circumstances.

### **CHALLENGES FACED BY DIGITAL MARKETERS**

**Proliferation of digital channels-** Customers utilize various advanced channels and an assortment of gadgets that utilization diverse conventions, details and interfaces – and they cooperate with those gadgets in various courses and for various purposes.

**Intensive rivalry** - Advanced channels are generally shoddy, contrasted and customary media, making them inside reach for all intents and purposes each business of each size. Thus, it's turning into a great deal harder to catch customers' consideration.

**Massive dispersion of online information volumes** - Purchasers abandon a gigantic trail of information while surfing through digital channels. It is to a great degree hard to understand every one of that information, and also locate the correct information inside detonating information volumes that can enable you to settle on the correct choices.

Any professional website development organization would help the marketers in many regards. All organizations need a solid web orientation so they can do well with SEO scores. So when hoping to locate a decent website graphically promoting helps in building up a site that offers simple and clear route to a responsive design, smooth stream of articles and in addition a site that is all around enhanced for its prospective customers .A site ought to be appealing and productive with the goal that it can draw attention of more customers. .A great Web Development Companies ought to be proficient and should offer appropriate administrations to its customers. Organizations should comprehend the business necessities of its customers and help in expanding the future deals and benefit and improve the organization brand image they should comprise of real time administrations and furthermore give new focuses in each stage.

### **EXPANDED SECURITY RISK**

As more data is shared on the web, there is more motivating force for programmers to discover approaches to traverse your security.

We shop on the web, pay bills, submit applications with private data, arrange duplicates of our introduction to the world testaments and other essential archives, and substantially more. That is a fortune trove of information for criminals.

You may as of now have security for your site, for example, a great firewall, HTTPS encryption and perhaps a decent antivirus program. However, you'll require more. Work with a decent security group to recognize the shortcomings for your sites and to make measures to lessen chance.

### **JUMBLED MARKET**

There are billions of sites in a set number of specialties. By what means will you make your site emerge among the rest?

Website optimization is only one approach to enable you to ascend to the best, however it is insufficient. You need to discover approaches to give one of a kind and significant substance, you need to have a unique voice, and you need to connect with individuals.

Everything has just been done, so there's no utilization in endeavoring to reexamine the wheel. You can't be preposterous or ridiculous on the grounds that that bar is as of now too high. Same for stunning or questionable.

Rather, concentrate on giving your peruses what they truly require. Give them answers for their issues. Discuss the things they think about. Make enthusiastic interests.

### **MORE AD BLOCKERS**

The utilization of promotion blocking programming is developing exponentially, and the general population who are not utilizing them will soon be in the minority. That shows a major test for advertisers, who will experience serious difficulties individuals to try and see their promotions, let alone to follow up on them. Local promoting is developing as the best arrangement at this moment, including supported blog entries, audits and says. Expectation based local publicizing will enable advertisers to get much more outcomes since it enhances focusing to guarantee that the correct clients are seeing the promotions.

They by and large, can do all or any of these.

- Elevate advertisements into the individuals' platforms which could be Face book, Twitter, Linkedin, Instagram or whatever other web-based social networking.

- Email showcasing efforts which is the least expensive approach to achieve intended interest group to expand business benefit of expanding customer base.
- Paid rankings for own business for website design enhancement, and site improvement enabling to compose structure that individuals search for.
- Regular monitoring of metrics to be updated about who is going by your site and what they are doing on your site.
- Enable business to contact individuals who are looking for something like what you offer. SEM, web crawler advertising. Creating leads through third party operations which is called Associate Marketing.

## **ISSUES INVOLVED IN DIGITAL MARKETING PLATFORM**

### **EMAIL MARKETING**

#### **WHAT'S THE ARRANGEMENT?**

A low CTR with a high open rate frequently implies that your messages aren't important or there are an excessive number of clashing CTAs. Pare down the invitations to take action to an absolute minimum with the goal that individuals aren't overpowered and afterward make sense of who might discover the data generally important. The way to a well-performing email crusade is division; just send your message to the general population who need it and make your offer clear.

### **LOCAL RANKINGS**

Result on Google gets 33% of the traffic for that search term. That means being at the first position for your service and location could have a huge impact on your business.

#### **What's The Solution?**

Using Google Plus and Places for Business (which are essentially the same thing now) will do wonders for your local SEO – make sure that everything is filled out in full and your location marker is in the right place (in case people use Google Maps to find you). You can also set up a specific local landing page to provide further information and possibly put on offers for people living nearby. It's a great way to get repeat business and become the 'go to' provider for locals.

### **BOUNCE RATES**

Bounce rates are almost 10% higher on mobiles than desktops. Reasons range from 'on the go' behavior, interruptions, to poor 3/4g/wifi signal and slow load times. While this is the norm, you need to make sure that you're catering to mobile users and offering the best possible experience to people using tablets or phones to access your site.

#### **What's The Solution?**

'Optimized' could just mean that your provider has used a responsive template, but the coding is still messy and the images are still far too large. The first step to reducing your mobile bounce rate is checking your mobile load speeds and looking at how user friendly your mobile version really is. You can look at user journey and popular entry pages to find out what people are really looking for when they visit your site on mobile, and make sure that you make it as easy as possible to access popular information. This could mean that you have totally different menus on mobile and desktop versions of your site.

If people are trying to buy online but your site doesn't offer the best experience, it may be worth building an app to cater to their needs in a more convenient format.

### **SLOW WEBSITE**

47% of consumers expect your website to load in 2 seconds or less – if you don't meet that expectations, they'll just go back to the search results and find a competitor who performs better.

#### **What's the solution?**

The solution depends on the reason for your slow site – it could be that your hosting package isn't big enough for your needs, or it could be the way that the site has been built. Run your site through a tool like

Google's Page Speed Checker to find out how it rates and what the issues are. You may need to compress your images, minify CSS, or prioritize visible content to make your pages load faster.

### **MANAGING WEB TRAFFIC IN LOCAL AREAS**

This is quite common in the age of search engines and social media – your content could be getting shared abroad when you only offer services in the UK (or in a particular region in the UK). Since 50% of consumers visit a physical shop within a day of a local search, it's essential that you stay on top of local search results.

#### **What's the solution?**

You can't stop people from elsewhere from accessing your site – even though they're not your customers, their links can help you climb up the rankings and their shares could reach someone closer to home. Improving your local search will mean that a larger proportion of traffic comes from your service area, and it means that when people are specifically looking for you they will find you in the right region. Check out this answer to find out more about improving local search.

### **HIDEOUS PROCESS OF SOCIAL CONVERSATIONS**

Social media conversion rates are 13% than conversions from other leads, but some businesses have real problems turning likes into revenue.

#### **What's the solution?**

Most people follow business pages to get the latest offers and information about new products, so make sure that you're providing it. While constant sales messages can be annoying, don't be too shy about adding CTAs and time-sensitive offers to your page when you want to encourage more conversions. Every time you feature a product, make sure that you link through to that page rather than your general home page so people don't need to look for the product, and if you're running low let people know – last chance offers are surprisingly effective, especially when the price has been reduced.

### **REDUCTION IN BOUNCE RATE ON BLOG**

Companies with blogs generate 67% more leads than those without, but if your blog bounce rate is higher than the rest of your site you're going to have trouble converting that traffic. Luckily, there are some easy fixes to keep that traffic on your site and push them towards enquiring or buying.

#### **What's the solution?**

Bounce rates are actually quite misleading – people can bounce from your page because it's not what they were looking for, or they can bounce because they've found exactly what they were looking for and are satisfied. Unfortunately, the result is largely the same – the difference is that the latter is far more likely to interact with your brand later on and buy.

Either way, there are measures that you can take to keep people engaged with your blog posts. One of the simplest is to improve your internal linking with subject links and contextual linking to guide people through the site if they need more information. Contextual links are links in the body of the text; for example, if I was talking about social media, I may want to link to the relevant page on our site. That's a contextual link. Add these in if you mention something you've previously posted about or if you mention a product – that guides people to information and subtly pushes them towards a purchase.

It's likely that your blog posts are grouped by category and tags – providing readers with other similar articles at the bottom of your post can help them explore your content further without having to make drastic updates to your blog structure.

### **DIVERSION OF TRAFFIC TO BLOG**

Once a you write 21-54 blog posts, blog traffic generation increases by up to 30%. However, it's not just a case of quantity – your blog posts need to be valuable and on-topic if you want to generate quality traffic.

#### **What's the solution?**

If you've just started blogging, it may be too soon to see any real results – realistically you should blog consistently for 4-6 months before assessing the impact and expecting to see good links and traffic based on your posts. Once a post has been written, you should distribute it via your social media and see whether there are any other natural linking opportunities available.

If you've been doing this for a while, the traffic issues could be a reflection of your topic or the quality of the content. Needless to say, blogging for the sake of it without offering any useful or entertaining information won't improve your traffic or conversions. Likewise, if you have excellent content but it just hasn't been optimised and your keywords are missing from titles, you could be missing a lot of opportunities. Running a quick SEO audit on your blog alone will help to identify the problem. Another great way to generate ideas is to set up a Google Alert for your industry and related topics – that way; you get the latest news and interesting information in your inbox every morning without having to search.

### **DIFFICULTY IN ENGAGING WITH MY SOCIAL FOLLOWERS**

Social media isn't just way to broadcast – it's a great way to start conversations with your customers and build a stronger bond with them. Unfortunately, most businesses don't get to that stage.

#### **What's the solution?**

If you don't have enough followers, your main focus should be on posting interesting and useful content to build your customer base so that there are enough people to engage and converse with. If you have reached that point, it's time to start conversations. It can be tricky, but simply asking questions and asking for engagement is the easiest way to start the discussion. You may want to get other people in the company to use their own accounts to keep the conversation going to start with, so that your followers can see it's a safe and easy place to engage.

### **MAINTAINING CONVERSION RATE**

Average conversion rates range from 1 to 4%, depending on industry and site quality. Anything within that range is considered normal, but every business wants to improve their conversion rate and ultimately increase their revenue.

#### **SOLUTION**

The key to conversions is to make them as easy as possible. Shopping malls have been designed to make shopping as easy and thoughtless as possible, down to safe flooring, temperature controls, and regular food outlets so that people don't need to think about practicalities. Your website needs to offer the same sort of experience, but online. CTAs should be clear, shopping carts need to be easy to use; you need to ask for the bare minimum information to complete the transaction, and offer a wide range of payment options.

Online shopping is the norm for the majority of consumers in the UK, and the only way to compete with the likes of EBay, Amazon, and ASOS is to offer a similar buying experience so that customers are reassured by the familiarity and high standards. This means clear photographs, easily accessible returns information, and ideally free P&P (if your business can afford it).

Removing as many barriers as possible will reduce cart abandonment and ensure that more people complete the process.

### **PLACEMENT OF RANKINGS IN A COMPETITIVE INDUSTRY**

SEO is like many other things – you only get out what you can put in. Unfortunately, that can mean that thousands of businesses are competing for the same 10 spots on the first page of Google – businesses that have larger budgets and in-house SEO teams who can easily put in the time and money to gain a foothold on the first 3 positions.

#### **SOLUTION**

There are a lot of ways to deal with this; in some industries, it's a case of finding a work around rather than competing for a very short phrase. Remember that short-tail phrases have very low conversion rates – if you sell shoes, it's highly unlikely that ranking at #1 worldwide for 'shoes' will actually help your business because most people completing that search aren't looking to buy your handmade suede men's loafers. Long tail keywords offer much higher conversion rates and better search positions – the best part is, people who come to your site are further down the sales funnel and specifically looking for your products.

Another way to gain good search positions when you don't have the same budget or resources as your competitors is to look at alternative ways of ranking. For example, YouTube is now the second largest search

engine in the world – bigger than Bing, Yahoo, Ask, and AOL combined. Using video marketing can help you rank in YouTube, which is also owned by Google so you'll rank on the 'videos' part of the results too.

These are just two ways to get organic traffic from search results – there are many more. The best solution to this is to speak to an SEO specialist who will review your site and your budget to find a solution.

- Image Optimization was done for all the images on the website
- Tag optimization
- Indexing – URLs were re-written in a SEO friendly manner and updated to the website
- Resubmitting the newly created URLs to the index was then necessary
- Redirections

**Search Engine Optimization Off-Page Plan** Off-Page optimizations require continuous and persistent efforts to maintain the achieved status. The following activities were planned for Off Page Optimization Directory submission and local directory submissions were carried out to the entire popular web.

- Directories to increase citations
- Social bookmarking on the top most bookmarking websites

The leading digital marketing company excels in the digital media ecosystem for the last two decades by helping businesses to deliver the right message to the right customers at the right time. The advertisers of various industry verticals are enabled to get the measurable response and quantifiable results of the with a range of products.

## CONTENT MARKETING

- Writing rich substance in an all around upgraded arrange.
- Selecting high PR locales to circulate articles and Press Releases
- Writing web journals of high caliber and distributing them to applicable locales

Other Digital promoting procedures, for example, Video Marketing and show showcasing were too incorporated into the arranging.

## RESULT AND CONCLUSIONS

- Businesses can customize the campaign to exactly what they need
- Get insights out of marketing campaign performance data
- Take the decisions intelligently to increase campaigns' success rates
- Non-technical users can even create, launch and promote the campaigns
- Sweepstakes and contests for template designing encourage businesses to design effective templates
- The Instant Win integration helps businesses to allure more audience.

Empowering the organizations to see the execution report of their promoting effort in the type of a chart was somewhat dubious.

Utilizing the best innovation and making rationales, the advancement group can incorporate diverse sorts of outlines in the report so that organizations can without much of a stretch see the insights of the showcasing effort they have composed

## ONLINE NETWORKING MARKETING

- Live Interactions were kept up on all the online networking destinations like Face book, Linkedin, Google+, Pinterest, Twitter and so on.
- Going above and beyond, Paid Marketing by means of Stumbleupon was likewise done.

- Special APIs were utilized to naturally submit connects to Only wire and Hoot suite.
- Use of other well known web-based social networking stages like vk.com, scoop, and tumbler gave a further lift.

These platforms in particular offer the opportunity to develop high quality content in an engaging and relevant way. In addition, this plan will help increase traffic on the official government website and to city social media sites while fostering two-way communication and engagement with citizens.

#### **INSIGHTS SUMMARISING THE DIGITAL MARKETING CHALLENGES AND CONCLUSIONS**

The first action plan should be an in depth analysis of the site's current performance & drawbacks, defining the user persona & targets, analysis of the competitors landscape & devising the marketing approach. Site was low on traffic, not ranking on any of the productive keywords, and hence conversions were very low.

The proposed channels of correspondence and apparatuses, alongside checking, will facilitate a chance to enhance this arrangement considerably further. Luckily, large portions of these compelling instruments are free and simple to oversee. Along these lines, the financial plan and time proposed are of negligible expenses to the city. This arrangement will help enhance government straightforwardness, cooperation, joint effort and engagement with residents, and help encourage its central goal to serve the group

With increasingly more individuals getting to the web and making customized profiles via web-based networking media stages, enhancing the official city web-based social networking pages introduces the with a significant approach to assist its contribution and connection with group individuals.

Enlarging government reach via web-based networking media and reacting to, will help encourage a positive connection between the two gatherings and enable nationals to feel that the city is endeavoring to serve the group.

## CHALLENGES IN SALES & PROMOTION OF KARA NAIL POLISH REMOVER

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### ABSTRACT

*This case talks about the sales of Kara nail polish remover in South Delhi and the challenges faced during that period. The main idea behind the project was to promote the product and increase the sales. The initial challenge that was faced during the sales was that of the price which the customers perceived to be high in relation to the Chinese tissue based nail polish remover available in the market. The case also talks about the promotional techniques applied during that period to improve the sales of the Kara nail polish remover and how promotional strategies affect the buying behaviour of customers.*

*Keywords:* Kara nail polish remover, Promotional strategy, Sales, Pricing, Target market

### INTRODUCTION

One of the largest growing sectors in the world is FMCG. It provides employment to millions of people around the world. The growth of FMCG in the last decade has been two folds and is expected to grow even higher in coming times. Hindustan Unilever is one of the biggest players in FMCG sector most of the products available in the market are under it. The boom in FMCG industry happened due to the relaxation of licenses in our country. Also the Government approval and increase in the foreign direct investment has changed the scenario of the FMCG sector. The other factors are the growth of disposable cash and rising needs of customers has equally contributed to its rise. To cater growing needs of customers new products are being launched every year and are also creating needs at the same time.

FMCG is divided into mainly food products, household products, OTC products, baby care and Health & personal care products. Health and personal care products contributes 22 % to FMCG products, majority of the section is comprised of Food products that is 43 % of it. The case talks about one of the newly launched health and personal care product of Future Group i.e. Kara tissue based nail polish remover. The

target market of this product are ladies. The need to make it easy and reduce time Kara came up with this brilliant idea of introducing tissue based nail polish remover. This whole concept of tissue based nail polish remover came from the facial wet tissue, which has became popular and is slowly taking the place of handkerchief. The concept of disposable tissuecame into existence during the late nineties. Due to huge sales and popularity in the tissue based products, it has become a mandatory product in health and personal care section. This wet wipes has replaced the concept of using cotton and cleansing lotion.

The wet wipe concept is growing worldwide at faster pace, but it is important to know the drawbacks of it which may arise in a long run and find a solution to cope up with the problems with latest technology and innovative ideas, to give the company a competitive edge over its competitors.

The wet wipes are made of viscose and spun laces and its main manufacturer are Birla cellulose a branch of Aditya Birla Group is a leading manufacturer of viscose fiber in India. Customers prefer natural bio degradable material more than products which contain harmful chemicals, viscose fiber is totally natural fiber and is alcohol free.

The facial refreshing wipes and tissue based products are growing in market due to changing lifestyle with increasing nuclear familiesand working women has lead to the increase in demand of tissue based products. The facial wipes of better brands are facing problems due to the availability of low priced Chinese products which contain alcohol and other harmful chemicals. These cheap tissues are creating a wrong image of tissue based products in the market. Although these Chinese products are able to attain customers who are price conscious but unable to retain them due to poor quality. So it can be said that customers prefer quality over price.

Many market researches has been conducted in our country with related to tissue based wipes usage by the customers and it has been found that the use of tissue based wipes is increasing and the demand is more in the northern circle of the country. To cater these needs tissue based companies are coming up with various

new categories under tissue based wipes to meet up the needs of the customers. The companies are coming up with better promotional strategies and advertisements to attract customers towards their products.

### **LAUNCH OF KARA TISSUE BASED NAIL POLISH REMOVER**

After the successful track of Kara's tissue based products in market the manufacturers came up with a plan of launching a new product i.e. tissue based nail polish remover. The marketers saw the growing need of working woman and college going girls to make removing nail polish easy and less time consuming. The future group launched this product in 2016. The launch of this product meant that now ladies won't have to use cotton and acetone to remove nail polish, it would take them just one tissue to remove all ten fingers nail polish.

The new product from Kara has many unique features. The Kara nail polish remover has no acetone in it and also contains olive oil. The olive oil ensured the skin and nails would remain moisturised and will not dry up easily. The tissue was made of viscose and is bio degradable. Each set of Kara nail polish remover container contained 30 tissues, which means a lady can use it up to six months if she uses it less frequently and with the help of a single tissue one could remove all ten fingers nail polish without an issue. The packing of Kara nail polish remover is air tight and hard, this does not allow the tissues to dry up. The product is very convenient to carry and easy to use. The Kara nail polish remover comes in four different variants those are lemon, strawberry, rose and orange. The validity of a Kara nail polish remover is of 18 months.

### **PROMOTIONAL STRATEGY**

For the promotion of their new products each store was provided with an intern to make the customers aware about the new tissue based nail polish remover. The target was to reach as many customers possible. Various charts and display settings were made in each store to promote brand awareness. To tackle the first challenge of facing the Chinese products which were placed at a much lower rates than the Kara nail polish remover, the company came up with the plan of providing a Kara facial wipe with every pack of Kara nail polish remover. The problem did not end and the price issue was still there with the customers so the next promotional strategy used by the company was very competitive they brought down the price of a single Kara nail polish remover and a customer could buy two Kara nail polish remover at the same price. This promotional offer of one plus one not only changed the sales scenario of Kara nail polish remover but equally provided tough competition to the other brands of nail polish remover. The next promotional strategy that the company did was the society campaign the interns went to various societies of Delhi and with the help of the members of the society organised an event to create awareness about the product. This lead to further increase in the sales of Kara nail Polish started with a new television ad campaign in the year 2017 with ran in most of the popular Indian channels and also online channels. The last ad campaign was done late when Kara used to be an Aditya Birla product this was the first Ad campaign after Kara had become Future group product. Kara is also doing its promotions by sponsoring various beauty contests which will promote the company not only at a national level but also at an international level. This has boosted the image of the brand Karato a larger scale. The other strategy that the company is trying to give is by taking away all the cheap Chinese products away from the market by providing the retailers a better cost margin, this is giving a tough competition to the other growing products in the market. This strategy is a huge step towards gaining more customers and making a strive towards finding more retail outlets thus capturing the market entirely.

### **SALES STRATEGY**

Future group not only provided better promotions techniques but also gave better sales techniques to grab more customers and improve the sales of the product. The first strategy during the sales was to be indifferent towards the customers i.e. the sales person must try to promote the product and try to make sales but should not show any signs of failure or regret if they were unable to make sales during the promotional activities in store. The next strategy was to give the customers samples to use once the customers find the product to be of greater good then the customer would have a fear of loss to give away the product. This strategy of fear of losing made the customers buy the product even more as they wanted to keep the product and buy it. The third strategy of selling Kara nail polish remover was to show a sense of urgency while pitching in the customer the product the sales person must show from his non verbal behaviour that there are more customers to who they can pitch in and more loyal customers are available in the market towards the brand. This strategy made the customers think about the product and made the customers try the product once. The

final strategy to promote and improve sales of Kara nail polish remover was to create a sense of greed by telling the customers about the sales of the product and letting the customer know who else bought the product so that customer tries the product out of the sense of urgency and greed. These selling tricks and tips made the sales meet the target and gaining more customers under the belt.

### **CHALLENGES IN SALES OF KARA NAIL POLISH REMOVER**

First challenge that was faced during the sales of Kara was that the market was already occupied by low priced Chinese products which were giving Kara nail polish a tough fight as Kara product was placed at a much higher rate. Pricing war was taking away potential customers away from Kara. Second challenge that the brand faced was that Chinese products had created a wrong notion in the minds of the customers that tissue based nail polish remover do not provide as they promise to remove the nail polish easily moreover the Chinese products dry up faster leaving the customers feel cheated and loss of money. This kept potential customers away from using the brand Kara which is a much better product than the Chinese products available in the market.

The third challenge that the Kara nail polish remover was facing was from the liquid based nail polish remover. This tissue based nail polish remover is a new concept and the ladies do not wish to move to a new concept of removing nail polish. The fear to try a new product was a big issue that the Kara brand was facing while its promotional campaign. Another problem that the Kara brand was facing from the liquid based nail polish remover was that the liquid based nail polish remover was placed at a lower rate than Kara tissue based nail polish remover. The customers who came to store for buying daily essentials were reluctant in buying the product which was placed at a much higher price.

The next challenge that the company was facing was that the Kara nail polish was unable to remove all type of nail polish that were available in the market like glitter and artificial nail paints. The ladies who were using these new varieties of nail polish remover did not prefer buying these products. The difficulty in changing the mindset of the customers towards the new product was a bigger issue as people were used to liquid nail polish remover and cotton usage.

Another problem that the company was facing was that of the retailers and distributors unable to team up to promote the new product. The retailers were reluctant in keeping the new product in their stores as it was priced higher than other products available and also other brand distributors were providing retailers a better margin to keep their products. These Chinese cheap products are giving a tough fight to retain retail outlets. Segmentation is also another problem that is reducing the sales of the product the target market are ladies out of which only younger section of the target market are accepting the product but it is difficult to change the mindset of the older lot.

### **QUESTIONS**

- Q1. Do you agree that promotional offers elevate the sales of the Kara nail polish remover ? If yes please suggest better promotional techniques Kara needs to adapt ?
- Q2. What are the other selling techniques that you would have applied to increase the sales of Kara nail polish remover, if you were the brand head of Kara ?
- Q3. Give your views towards tacking the challenges mentioned in the case ?

## ASIAN PAINTS: JOURNEY TOWARDS BECOMING A PAINT GIANT

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### ABSTRACT

The case examines the marketing strategy adopted by Asian Paints after restructuring its businesses. The case provides a detailed account of how the company initiated customer relation-building initiatives with services such as Colorworld and Ezycolor, Helpline and Home Solutions. The case also highlights the problems faced by the company in building up brand image in an industry where consumer involvement was very low and digital transformation in India. The reasons for dropping 'Gattu' (mascot of Asian paints) from the AP logo and the company's brand restructuring initiatives are also explained.

### INTRODUCTION

Success story: Success of Asian Paints Limited takes up the environment issue from the perspective of waste minimization and conservation of resources. It makes a continued attempt to reuse, recycle and eliminate waste, which results in a diminished amount of waste being generated.. It has succeeded at driving eco-friendly initiatives using environment management systems and thereby diminishing the impact on the environment. The bulk storage facilities have been upgraded thereby reducing material losses as well as eliminating effluent generation.

### CHANGING COLOURS- LITERALLY

In July 2002, India's driving paints organization Asian Paints Limited (AP) reported it was dropping its popular mascot - 'Gattu'- from its logo. Analysts were surprised at this move as over the last 45 years, Gattu had emerged as one of the most recognizable mascots in India, leading to instant recall of the company AP.

However, the company sources felt that with the changing focus of the company, 'Gattu' has lost his relevance. In 2002, AP was the market leader in the Indian decorative paints segment with a market share of around 44% . It was also one of the top 15 global paints companies.

The success of AP has been attributed to its customer-centric approach and aggressive marketing initiatives, which had changed the way industry, functioned. AP wanted to be one of the top five companies in the global paints industry by 2007.

In order to achieve this goal, it focused on three main areas - building the AP brand in terms of a new product portfolio, changing its logo and packaging. The new AP was expected to be even more customer-friendly and service-oriented.

The history of AP dates back to 1942. It was started by four entrepreneurs, ChampaklalChoksey, ChimanlalChoksi, Suryakant Dani and Arvind Vakil, as a partnership firm for manufacturing paints, in a garage rented for Rs 75 a month.

In 1945, the partnership firm was turned into a private limited company named Asian Oil & Paint Co. Pvt. Ltd. And in the same year, its turnover touched Rs 0.35 million. In the 1940s, it was largely multinational companies such as British Paints and Jenson & Nicholson that dominated the Indian paints market.

In order to increase revenue, AP concentrated on the smaller towns ignored by multinationals. In 1954, Asian Paints asked the famous cartoonist R.K. Laxman to create a mascot for the company, and from his pen was born - Gattu - which emerged as one of India's most memorable mascots

In the 1950s, paints were sold in bulk and the smallest tin size available was 1 litre. However, AP's market research found out that in rural India, farmers who wished to paint the horns of their bullocks preferred to buy paint in small packs. AP came out with 50-ml packs, which became very popular. In 1957, AP achieved a breakthrough when its R&D department developed a process for producing international quality phenolic and maleic acid resins in its simple coal-furnace, with a hand-stirring process.

In the same year, AP set up a plant at Bhandup (Mumbai), to cater to the growing demand in urban areas..

## **ANALYSIS**

### **Changing focus**

AP emphasized on technology and marketing in its drive to be one of the top five global paints companies. It implemented Enterprise Resource Planning (ERP) and Supply Chain Management (SCM) solutions for streamlining its processes and supply chain. It implemented i2 Technologies SCM solution along with SAP ERP solution with an investment of Rs 290 million to simplify the processes across its operations

### **New Product launches**

In the late 1990s, and early 2000s, the company launched various new products to increase its market presence and penetrate into the segments where its presence was small.

## **DIGITALISATION**

*Digital transformation in a large complex company is very difficult. Different units having different priorities often choose to go their own way. Without effective leadership and governance, some units may move too slowly while others waste resources in uncoordinated efforts.*

*This case study describes how Asian Paints has taken an incremental approach to digital transformation first with back-office operations and automation, and more recently by rolling out mobile devices and tablets for outward-facing sales staff. A service-oriented business strategy is also fueling growth and enhancing the integration of IT and the business. Challenges of digital governance remain but the firm has a strong foundation on which to build additional digital capabilities.*

## **STATUS REPORT**

### **Customer service solutions**

Along with product launches, AP focused on distribution, as it realized that distribution and service were the keys to success in the paints industry. Right from the start, apart from the urban markets, AP also focused on small towns with population of up to 10,000, and on rural markets. Unlike other companies, AP's field officers dealt directly with the dealers in small towns. AP also launched products such as Tractor and Utsav to cater to small towns and rural markets.

Asian Paints, India's leading manufacturer of paints and coatings, has digitally transformed its business step by step. The firm has been able to maintain fast growth and globalize while increasing efficiency and reducing its impact on the environment.

In the early 2000s, as part of an effort to reduce debt and **increase internal efficiencies**, the firm implemented ERP and advanced Supply Chain Management systems. This helped to create an enterprise-wide platform that was the basis for further improvements in internal operations and customer-facing processes. The change also liberated working capital that helped fund acquisitions in emerging markets. Asian Paints gained further efficiencies by linking subcontractors and suppliers on a B2B portal. In 2003, the firm invested in a CRM system.

In 2010, Asian Paints centralized its **order-taking process** into a single corporate call center. This change helped the company further improve operational efficiencies and sustain its growth. In **customer-facing processes**, the move entailed much more than just creating the call center. Retailers were encouraged to place orders through the call center, where they could receive a more consistent service level than they could through the firm's 100 local depots. Centralized data also enabled delivery of products to large institutional customer job sites, giving the company a capability that competitors could not provide.

## **CASE PROBLEMS**

### **Changing image**

Along with the customer relationship building initiatives, AP also focused on its communication and brand strategy. It realized that communication would help the company to reach out to the customer and create an attractive public image. Indian consumers were not brand conscious with regard to paints; usually the painter purchased paints for consumers according to the allocated budget. In order to change its image, in 2000, AP appointed the Bangalore-based "Momentum" as consultants for a new advertising strategy for the company

### **Goodbye to Gattu**

Along with the new logo, AP also changed its packaging in order to communicate its new brand identity. In the earlier packing, there was no clear indication of the company name - Asian Paints. Commenting on the packaging in the paint industry, K.B.S Anand, Vice President, Sales & Marketing, AP, said, "Fortunately or unfortunately, no paint company in the country has used packaging to communicate."

### **Colourful future?**

With its rebranding initiative, AP is likely to be very successful in increasing customer involvement in the decorative segment. However, many analysts are skeptical about the company maintaining high brand recall, as 'Gattu' was an important factor accounting for the popularity of the company. However, AP was optimistic that the changes would yield many benefits.

### **EVER CHANGING TECHNOLOGY!**

The biggest change resulting from centralizing order taking was in **the way salespeople interacted with retailers**. Liberated from routine order collection, the sales team could focus on **building stronger relationships**. To enable a more meaningful dialogue between the sales team and each retailer, the company provided salespeople with vital customer data in the field using mobile devices. A rollout of **tablet devices**, which is currently underway, will further **mobile-enable** the sales staff.

Asian Paints' digital transformation also extended to **internal production** processes. High growth in paint demand creates the need to develop new manufacturing plants every three years. Given the scale and size of these plants, the firm has begun to focus on creating highly automated plants. **Automation** has led to greater scalability, better quality and stronger safety and environmental protections. The new plants are fully integrated from an information management perspective. Data from shop floor control systems and automated warehouses are linked seamlessly to the ERP. This has helped to further sustain the firm's operational efficiencies.

In India, Asian Paints has begun to sell services (such as a painted wall) instead of products (a can of paint). The **services strategy** has benefits beyond new revenues. Selling services helps to ensure that high-end products are applied properly, thereby improving customer satisfaction. Services also help the firm to get closer to the end-consumer, understand core consumer choices, and launch high-end texture finishes. Additionally, having a contractor in a client's house yields information that marketing staff can use to understand both customer preferences and potential demand. Gaining better knowledge of end-customer preferences is a high priority for the company, since its business model – operating largely through retailers – means that, as with many B2B businesses, customer involvement has been traditionally very low.

The relationship between IT and business executives has traditionally been very strong. The IT team consists of business graduates with a deep understanding of the underlying business processes. They act as internal process consultants. Governance is centralized and top down, with a strong executive-level understanding about the importance of standardization and coordination. Although business executives suggest many digital investments, IT executives originate others such as the firm's new analytics initiative.

Corporate growth and new technology demands have increased the **challenges of digital governance**. The firm is in the first year of a new portfolio planning process. "We have enjoyed great equity with the business because we have delivered solutions. But seeing so many projects coming at us, we felt that now we need to establish processes to match expectations and resources whilst taking on innovative projects," says Mr. Manish Choksi, CIO and Chief of Strategy.

Asian Paints' investment in strong IT capabilities, combined with organizational and process changes intended to leverage those investments, will serve as a **foundation upon which the organization can continuously envision and implement new forms of digital transformation**.

### **CONCLUSION**

Success of Asian Paints Limited has been among the forerunners in adapting principles of 'Green Productivity'. Plants have achieved 'zero industrial discharge' Company's emulsion manufacturing facility has also achieved 'zero waste' status. Innovations in filtration process technology have resulted in higher

## Business Sustainability and Contemporary Practices

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filtration rates and lower losses and, consequently lesser pollution. Company has also reduced waste by over 72 % after upgrading incinerating systems. The rest of the waste is re-used.

Question 1. What were the major objectives of Asian paints to achieve the end goal?

Question 2. What strategy did the company applied to gain more customers?

Question 3. How Asian paints used digital media to gather more customer?

## **IMPACT OF MARKETING STRATEGIES ON CARS24**

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### **ABSTRACT**

*In an increasingly competitive market, more emphasis is placed on brand image development as a basis for consumer discrimination. Advertising has a central role to play in the development of brand image, whether at the enterprise, retail or product level. It informs consumers of the functional capabilities of the brand while imbuing the brand with symbolic values and meaning relevant to the consumer. These two advertising functions are closely parallel to the computer schools and transformational effects of advertising effects and theories on the central and peripheral channels to the persuasion of the consumer. It is unlikely that such dichotomous approaches to explanation represent the reality of consumer choice in this branding is likely to be formed by the simultaneous absorption of advertising messages based both on the functional and expressive abilities of the brands.*

*Keywords:* Marketing, Advertising, Brand image, competitiveness

### **CASE STUDY: THE IMPACT OF VARIOUS MARKETING STRATEGIES ON CARS24**

In today's scenario, the automotive industry is one of the most dynamic industrial areas in India, contributing about 7.1% to the overall growth rate of India's gross domestic product. Not only four-wheel drive vehicles, but even two-wheeled vehicles are also popular and important. In fact, the leader in the share of the world's automotive market is the two-wheeled vehicle market which accounts for about 81% of the total growth of the automotive market due to the rural population and the young population in India.

The used car market in India is expected to grow by a 20 percent CAGR over the next five years, with the organized sector playing an important role in this growth story. At present, there are about 750 used car stores organized in India. In order to keep up with the expected strong growth, there is a demand for 3,500-4,000 outlets. Yet another important fact to consider is the likely implementation of the GST. There will be uniform tax laws in all states that will make the sale and registration of used cars a simpler, more economical and more consumer-friendly process.

Cars are the most important and dearest asset for all people in the family. It is an integral part of our lives. Therefore, all of us spent a lot of time both buying and selling cars. Traditionally, the sales process was a tedious job that took months and years to sell a car. But, due to the growth of technology and the change in the perception of the minds of our Indians, this is no longer the case. A click on the various websites can help the car salesman look for the best price of their car and help them sell their car instantly. There are many companies that operate in this used automobile industry that has great potential future. Companies such as:

- Maruti True value
- Car dekho
- Olx
- Cars24
- Car trade
- Car wale

But of all, CARS24 is quite distinctive, making it a unique and unique company as one of them. This helps the customer to sell his car in the simplest way possible, which makes his compatibility with customers. As the used car market is quite complicated, which may or may not guarantee the best price to the customer, but CARS24 guarantees the best price thanks to its live online auction that is carried out by its 100,000 authorized buyers in India. Instead, they focus on their goal of providing the best and the right price to their customers after following all their unique process of free car evaluation, live online sales, the best market price for the car and then the payments Snapshots into bank accounts. No wonder, nothing can be simple and

practical. They look forward to aggressively developing their market share and thus creating value for their brand.

CARS24 was founded by Mehul and Vikram in 2016. Although it is only 1.5 years, since, its inception, but it has been designated as the fastest technology boot in India. It has wide prospects and big future projects with a huge amount of investments. CARS24 is committed to providing a smooth and hassle-free delivery experience for all CPs. CARS24 requires all CPs to follow the rules below to ensure a seamless experience.

They cause a change in the used automotive industry by organizing it with the help of technology. Already with more than 50 branches in 11 cities in India, they are considering revolutionizing the way cars are sold. They have a very specific price for new cars that come on sale in the market because new cars have a fixed rate. Everything is fixed according to variants and small facelifts. However, this is not the case with used cars. The biggest problem is that, beyond a certain time, the value of the car falls and it will be marked as a used car or a used car. Different buyers and dealers offer a different price for your car

At CARS24, they provide the hassle free process which enables to sell the customers their price at the best price. They ensure their 3 main USPs, which includes:

- Free valuation of the car
- Free scientific inspection of the car
- Sell the car at the best price and get paid instantly

CARS24 was founded to organize the largely unorganized automobile industry in India. With more than 30 to 35 lakh used cars sold each year in the country, only 20 lakh new cars were being purchased. This clearly means that the used car market is much larger and therefore there is a strong demand from consumers, but the supply is limited. So, unlike other market players, we focused on supply instead of demand. With advanced ideas in the industry, at CARS24, we have tried relentlessly to drive the supply side with their team behind the wheel. Their efforts have been constantly noticed now even now both our two founders - Vikram Chopra (CEO) and Mehul Agrawal (COO) have been featured in The Hindu Business line

The used car sector is a \$ 20 billion market in India that is growing by 25% each year. Although strong consumer demand was a good opportunity, however, the bottleneck was less important. According to Vikram, the biggest challenge is to tie supply to demand as the market is not organized. Vikram also adds that although they have competitors like Droom, Quickr, Carwale and Olx, however, these are only lead generation websites that do not facilitate the transaction. On the other hand, CARS24 owns the data and owns the transaction.

Being client-centered is a word-to-end lead to death in the post-modern enterprise era and especially in the world of start-up with most unicorns throughout the world as public as the value that "They work in each employee's DNA. CARS24 is no different, with its combined offer of the best price and guaranteed CR transfer, it solves the two major problems encountered by customers when selling their cars.

## **VISION**

- To expand to more 50 cities and then globally

## **SUCCESS FACTOR**

- Advantage of the first launcher
- A good rating mechanism and a social platform
- Funding from Experienced Sources
- Strong content platform
- Effective employees

## **STRATEGY**

CARS24 works with a keen interest in various strategies to achieve its goal. It includes:

- Financial strategy: increase their funds and revenues

- Marketing strategy: leveraging their PAN India customers
- Growth strategy: continually grow and increase customers and page traffic
- Globalization strategy: developing globally as a leading service provider

### **MARKETING STRATEGY**

- User-friendly and user-friendly
- Comprehensive mobile application
- Focus on digital marketing channels for potential customers
- Simplified review and evaluation system Integrating other tools into their marketing strategy Allowed to make wonderful hikes in their business.

### **DIRECT MARKETING**

- Sales promotion: coupons and prizes
- Direct marketing: phone call and direct mail

### **SOCIAL MEDIA STRATEGY**

CARS24 uses different platforms to engage their customers with them.



### **BLOG**

Sharing and updating with all the latest updates is a key point for any organization. CARS24 uses its blog as its spokesperson to share all the latest updates.

### **PINTEREST**

The platform shares the automotive experience with great content to attract its customers. The company has to do a lot of work to make its followers on this platform that will certainly work in their promotion.

**TV commercial which may or may not helped to boom their market share:** CARS24 has recently launched their television ad that shows wonderfully that BomanIrani sells his car to CARS24 at the best price. The announcement comes at a time when the used car market is a mess and CARS24 has developed a streamlined process that combines technology with used car companies. When countries such as China, U.K and Germany have grown in this market, India welcomes this sector of activity with open arms. The task here was to convey how a person can sell his car at the best price. Since it was not a generic advertisement on grocery, apparel or electronic equipment, it was not easy to explain something as new as a buying company Of cars that is so efficient and at first unique, having a branch in almost all major parts of the country.

This announcement came in festival to all their employees. For people who spend hours working together, believing in the idea and purpose of the business, it is truly a moment of pride to see their television advertising enacted by a famous celebrity. All held together as a team in all situations that arrive and then how they do not celebrate the favorable opportunity of the launch of television? Facial masks with different expressions of BomanIrani were specially distributed in the 50+ branches of CARS24 and all found the best they could. It was a kind of internal marketing.

How many TV commercials have you seen up to date? More importantly, how many of you do you remember? You can't forget an advertisement that had a unique tone, a unique phrase or a unique concept. It

is the uniqueness that records a lasting memory in our head and heart. CARS24 launched such an advertisement with BomanIrani. The ad is really a treat for the eyes, but a lot of reflection and ideation have been obtained to get a beautifully carved masterpiece. This story was developed by Happy McGarry Bowen and they did a wonderful job in explaining what CARS24 really represents.

We at CARS24 provide an efficient and reliable way for car owners to sell their car at the best price. This is what we decided to show in our advertising. As it is not easy to gain customer confidence, many platforms claim to buy cars at the best price, we have explained the whole process of obtaining the best price and it is for the first time that CARS24 shared its secret sauce Get the best price for a customer who looks forward to selling a car. BomanIrani brings a special touch to the CARS24 concept. Not only was Boman so impressed by the concept that he became the enduring brand

CARS24 is truly revolutionary and quickly disrupts the used cars market in India. The category of used cars online is full of suspicion and second guess and CARS24 offers a unique solution for all these problems, always guaranteeing you the best price for your car.

Although CARS24 grows rapidly according to status, but the company is not even on the line of profitability. He will spend more and earn less. There may be various reasons for such a loss, many of which refer to the lack and the various disadvantages associated with growing marketing strategies to come. The reasons for such tortoise growth are:

1. The company is not very old so they might earn huge profits in the future.
2. A small company has more than 600 employees so it might be leading to diseconomies of scale
3. The target market is facing difficulty in accepting the complete new idea of selling their cars in a whole different way
4. Their market strategy are not very attractive and are as common as of any other firm
5. The recently launched TV commercial is broadcasted only from 8-10 am and 8-10 pm and only on limited channels excluding the HD channels, so it is not becoming so eye- catchy and prominent in the market
6. Further, nowadays even advertising of all the types has lost their hold, which may have become difficult to make people aware of their complete new idea.
7. Advertising is failing due to three reasons:
  - Consumers do not trust advertising. Dan Ariely demonstrated that messages attributed to a commercial source have a much lower credibility and a much lower impact on the perception of product quality than the same message attributed to a rating service. Forrester Research has conducted studies that show that company-sponsored advertising and blogs are the least reliable source of information about products and services, while friends' recommendations and online reviews are the highest.
  - Consumers do not want to see advertising. Consider watching the news from networked television and remember that advertisements on all major networks are as closely synchronized as possible. Why? If network executives believed that we all wanted to see the ads, they would be staggered so that users could channel the surfing to display the ads; Ads are synced so users can not channel surfing to avoid ads
  - And mostly consumers do not need advertising. The research suggests that consumers behave as if they get much of their information about product offerings from the internet, through independent professional rating sites.
- People don't trust ads. There is a vast literature to support this. Is it all wrong?
- People don't want ads. Again, there is a vast literature to support this. Think about your own behavior, you own channel surfing and fast forwarding and the timing of when you leave the TV to get a snack. Is it during the content or the commercials?
- People do not need ads. There is a large amount of approved content on the net. Again, there is literature. But do you think about how you form your opinion about a product, online ads or online reviews? O

There is no place to place advertisements. Competition among them will be brutal. The prices will be reduced lower and lower, for all except Google

**These may be some of the drawbacks related to the TV advertisements:**

- Unlimited channels. There are not a handful of channels to choose from. Cable and satellite connections can receive hundreds of channels, making it less likely that people will see your ad on one of the few local stations.
- Limited attention. In response to the decreased attention span of viewers, television advertisements are getting shorter and shorter, putting pressure on advertisers to create an effective message in just 15 seconds.
- The commercial "pause". Viewers often find themselves in advertisements, opting to go to the kitchen or to the bathroom during the break. You have a limited window to capture the interest of your prospect, make a call and get him to remember you, while he is not paying attention.
- Other viewing options. Television sets and computers are increasingly working together, resulting in commercial disposal devices (such as TiVo and Netflix) that allow viewers to see programs without any advertising.

Though, advertising may have many drawbacks, but still they are the most effective and efficient way of communicating the brand to their target audience. But it has to be used appropriately. We wish all the best to CARS24 for their future endeavours and pertaining to their present it has a high possibility that it will earn huge revenues in the future and will benefit it way more than ever.

## A CASE STUDY ON BARCODE SCANNING: OPERATION ASSISTANT PRODUCTIVITY

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### ABSTRACT

*This project report focuses on the Operation Assistants' productivity using Barcode Scanning. Barcode Scanning was introduced in the year 2015 in Safexpress. In the project report the issue of the productivity of the Operation Assistants are calculated. Data of one month i.e. May 2017 is taken which includes the total scan, first scan date & time, last scan date & time (with the help of which total time taken is calculated), total packets scanned. So, with the help of all the data provided average scans per minute are calculated of all the individual Operation Assistants. Average scans of all the Operation Assistants are used to calculate the average scan speed of a Hub and then of a Region. Both the data of Loading and Unloading are used. The calculation and analysis is done on Excel. The average scan speed of the PAN India is used as the expected average scans (Unloading) of all the region. Reasons behind the poor performance of the Hubs and Regions need to be figured out and required actions will be taken accordingly. Such reports are prepared on daily, monthly and yearly basis to figure out the functioning and productivity of the Operation Assistants with the help of Barcode Scanning for both Loading and Unloading of the packets.*

**Keywords:** Scanning, Loading, Unloading, Average Scan Speed

### INTRODUCTION

According to the Council of Supply Chain Management Professionals (CSCMP), supply chain management encompasses the planning and management of all activities involved in sourcing, procurement, conversion and logistics management. It is basically the management of flow of goods and services which includes the transportation and storage of raw materials, work-in-progress inventory, and finished goods from the point of production to the point of consumption. It includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers and consumers. Organizations these days find that they must commit effective supply chains, or networks, to contend in the global market and networked economy.

Logistics is that part of the supply chain management which manages flow of goods, information and other resources between the point of origin and the point of consumption in order to meet the requirements of consumers. It includes integration of information, transportation, warehousing, inventory, material handling, pick, pack, and security. It is the precise organization and application of a complicated operation.

Logistics management is the branch of supply chain management which plans, enables, and checks the efficient, adequate forward, and reverse flow and storage of goods, services and other related knowledge between the point of production to the point of final consumption so as to meet the consumers' requirements. The complication of the logistics can be analysed, optimised, and visualized by dedicated simulation software.

### DIFFICULTIES FACED BY THE LOGISTICS INDUSTRY (INDIA)

Transport related problems- The road has become the predominant mode of transportation of freight cargo in India. Measurement of the modal transport of cargo highlights that nearly 32.1% by rail, 60.2% of the cargo is moved by road and rest by the coastal shipping, airways and inland waterways in India. Pipelines contribute a minor proportion.

Issue of port sector- Details from Indian Ports Association displays that ports in India suffer from high turnaround time for ships. JNPT, the debut port in India, has more than twice the turnaround time of Colombo and Singapore ports due to the congestion on berths and lethargic evacuation of cargos unloaded at berths. In India, the depth at many ports is not enough and dredging tenders take a lot of time in getting awarded. As a result, many ports can not attract very large vessels. In India, coastal shipping is hampered by inadequate port and landside infrastructure which inhibit large scale use of it for freight movements.

Skills and Technology related problems- The logistics industry is also inhibited by poor skill levels and low rates of technology adoption. On the technology front the industry seems to be paying attention to the use of vehicle tracking technologies, RFID, warehouse management system etc. While acceptance is not an issue anymore, the bond between IT and domain requirement must be resolved. Automation in processes is only in its infancy. Further progress depends upon a certain level of standardization that is made more difficult by the fragmentation in the industry. This drawback needs to be worked on at the earliest. Along with the technology-related issues, the skill levels of the logistic industry should also be upgraded as soon as possible. Also, the logistic industry is still not preferred as the industry by young graduates thereby making the recruitment of quality professional manpower difficult. Some of the proficiencies required in this sector are driving skills, technology skills, industry understanding, including safety procedures, and multi operator's skills. There are other issues like storage infrastructure related issues and tax related infrastructure issues.

An early use of one sort of Barcode in a mechanical setting was supported by the Association of American Railroads in the late 1960s. Created by General Telephone and Electronics (GTE) and called KarTrak ACI (Automatic Car Identification), this plan included putting shaded stripes in different mixes on steel plates which were fastened to the sides of railroad moving stock. Two plates were utilized per auto, one on each side, with the plan of the hued stripes encoding data, for example, proprietorship, kind of hardware, and distinguishing proof number. The plates were perused by a trackside scanner, situated for example, at the passageway to a characterization yard, while the auto was moving past. The venture was surrendered after around ten years on the grounds that the framework demonstrated inconsistent after long haul utilize.

Barcode Scanning in the logistics is been used for many years. Safexpress started the use of barcode scanning in the year 2015. It helps in identifying a unique packet and reduces the time as previously it was done manually which require more time and labor as well. After the implementation of barcodes in the company the efficiency of the Operation Assistants (OA) has increased at a huge level. There are still some technological challenges faced by the company but is still better than the manual loading and unloading of the packets. Further details will be provided in the report later.

In India, the various problems faced by the logistic industry drive to high logistics costs incurred by the economy. This is despite the fact that one of the most compelling contributors to logistics costs in developed countries, the cost of labour, is significantly cheaper in India. The rewards of contraction in logistics costs are manning. The reduction in Logistics costs drives to a significant rise in employment opportunities in the economy. It also aids in boosting the trade flows in a country by escalating the inherent ambitiousness of the economy. It will lead to declining in poverty levels in the country through rising earnings for the poor. So binding and coordinated efforts are required to be made for logistics costs contraction.

## **COMPANY PROFILE**

**Name:** Safexpress

### **About Safexpress**

- India's fastest and largest Supply Chain Company
- Largest dedicated fleet of over 5500 containerized vehicles in the industry
- Annual turnover is more than 1200 Cr
- Covers every square inch of the country
- Business target: Target for year 2016-20 = 2020 Cr

### **VISION STATEMENT**

"To be a conscious learning organization maintaining flexibility for change so as to provide the most customized solutions; striving towards global market share whilst maintaining dominance in the domestic market through good HR practice and excellent customer service"

### **MISSION STATEMENT**

"We shall adopt and internalize a work culture which demonstrates a 'We Can We Will' attitude to reflect in our daily responsibilities so as to far exceed our objectives, consistently striving towards market dominance."

We will create historical landmarks forming a strong edifice for the future overcoming all obstacles proactively, as our personal responsibility and commitment are to create delight for the customer with impeccable personalized services”.

### **BUSINESS MODEL**

Safexpress works on the Hub & spoke model of distribution. This model is named after a bicycle wheel, which has a strong central, hub with a series of connecting spokes. It is a system of connections in which all traffic moves along *Spokes* connected to the *Hub* at the center. Almost all the traffic moves on the spokes between destinations and the hubs, with very few direct connections between other destinations. Routing all the traffic through the hub actually makes the overall system time and cost efficient. At Safexpress there are 90 strategically located hubs that help provide connectivity on a national basis.

**Website:** [www.safexpress.com](http://www.safexpress.com)

### **BACKGROUND**

This project report is about the Operation Assistants' productivity of all the Hubs of different Regions using Barcode scanner in the company Safexpress. Direct data from a software known as 'Propel' from which the report is taken. The report containing the monthly data of all the OAs of the Hubs as shown in the **Table(1)**. It shows the waybill number, total tallies, first scan date, first scan time, last scan date, last scan time (total time taken), packets scanned, etc.

The data of one month is used to find the productivity of each Operation Assistant and then of a complete Hub, then of a complete Region and then of the PAN India. With the help of data in the report total packets scanned, time taken in minutes, and packet scanned per minute in one month is calculated of each Operation Assistant as shown in the **Table(1)**. After packet scanned per minute is calculated of each Operation Assistant the average of all the Operation Assistants is calculated of a Hub.

Hubs	Total tallies	Total time taken	Packet scanned	Scans per minute
VISHAKHAPATNAM-11	147	7609.73	24689	3
VIJAYAWADA-11	408	20368.45	91767	4
HYDERABAD-11	1464	115748	455376	5
HYDERABAD-40	3	1389.95	77	0

The average scan speed is calculated of all the regions with the help of all the Operation Assistant's average scan per minute and then the overall scan speed is used to check the productivity of the Regions. The Regions above the average scan speed are good and the Regions below average scan speed needs improvement and should be pushed more towards the average scan speed of PAN India. The Analysis is performed both for Loading and Unloading for the month of May and 31 days' data is used. Each Operation Assistant's productivity is calculated and accordingly each Operation Assistant is pushed towards the average scan speed of that Hub so as to increase the average scan speed of the Hubs which will increase the average scan speed of the Regions and then the overall scan speed of the PAN India will automatically increase leading to increase in the productivity.

### **PROBLEM STATEMENT**

To calculate the productivity of the Operation Assistants on the individual bases, of Hubs, Regions and of PAN India. The productivity can only be calculated by the calculation of average scan speed and time taken to scan per packet.

### **FINDINGS**

After conducting this study, it was found that for both Unloading and Loading tallies the number of Regions below the average line are as follows:

#### **Unloading**

- Overall Scan speed: 6 scans per minute
- Regions above average: Jammu Kashmir Himachal Pradesh, Madhya Pradesh, and West Bengal Sikkim.

## Business Sustainability and Contemporary Practices

- Regions below average: Andhra Pradesh, Bihar Jharkhand Orissa, Delhi, Gujrat, Haryana, Maharashtra Goa, North East, Rajasthan, Tamil Nadu, and Uttar Pradesh

### Loading

- Overall Scan Speed: 7 scans per minute
- Regions above average: Madhya Pradesh, Rajasthan, Tamil Nadu, and Uttar Pradesh.
- Regions below average: Andhra Pradesh, Delhi, Gujrat, Jammu & Kashmir, Maharashtra Goa, Mumbai, North east, Punjab Chandigarh, and Uttarakhand.

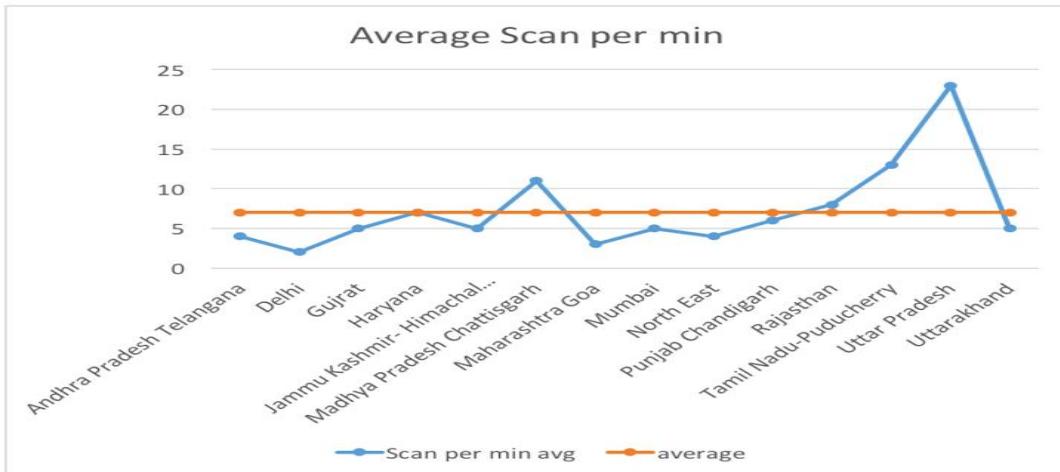


FIGURE 3: (AVERAGE SCAN SPEED OF ALL THE REGIONS- LOADING)

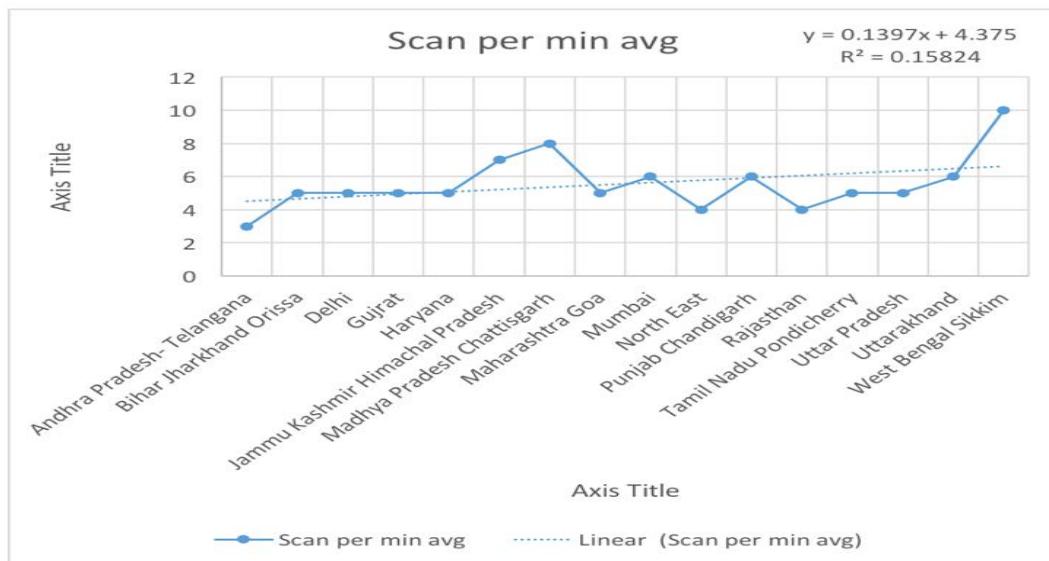


Figure 4: (Average Scan Speed Coorelation- Unloading)

### SUGGESTIONS

After the calculation of the average scan speed of all the Operation Assistants, Hubs, Regions and PAN India, it was noticed that there were a lot of network issues while loading and unloading the packets plus there were a lot of issues regarding handling the scanners by the OAs. So, to make this process more effective only few areas need to be taken care of. Like, the network related issue, large data size so as to make the comparison more appropriate (approx. 2-4 months' data), and data mismatch issue to be taken care of. A separate software should be there so as to make the comparison instant and the calculation of the average scan speed will be easy to calculate.

### **IMPLICATIONS OF THE STUDY**

This study on the Barcode Scanners was implemented in Safexpress in the year 2015 only. With the help of this study we came to know the average scan speed of all the Hubs, Regions, and PAN India; we calculated the total time taken in scanning per packet; and productivity analysis of the Hubs and Regions. Now, after the productivity analysis the required trainings and workshops will be provided to the Hubs and Operation Assistants according to the requirements.

### **CONCLUSION**

This project report on the calculation of the productivity of the Operation Assistants using Barcode Scanners can be used to increase the productivity of the manpower in the organization. Now we know the Operation Assistants, Hubs and Regions above and below the average scan speed of all the Regions, we can push the Assistants who are below the average towards the average scan speed of the Regions.

While calculating the productivity we came across many issues as well. For example the network issue which create a lot of problems while calculation of the productivity. Also, while taking the data from the software 'Propel' there was mismatched data and unrealistic data was uploaded due to which productivity of certain Operation Assistants and Hubs cannot be calculated.

This project is a success as we came across almost all the factors and issues related to the Barcode Scanning and the Operation Assistants' productivity. For further ease of the calculation of the productivity of the Assistants, company is also working on a software for this purpose only.

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## CUSTOMER RELATIONSHIP MANAGEMENT

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### ABSTRACT

The project on “Customer Relationship Management” was taken at IDBI Federal Life Insurance.

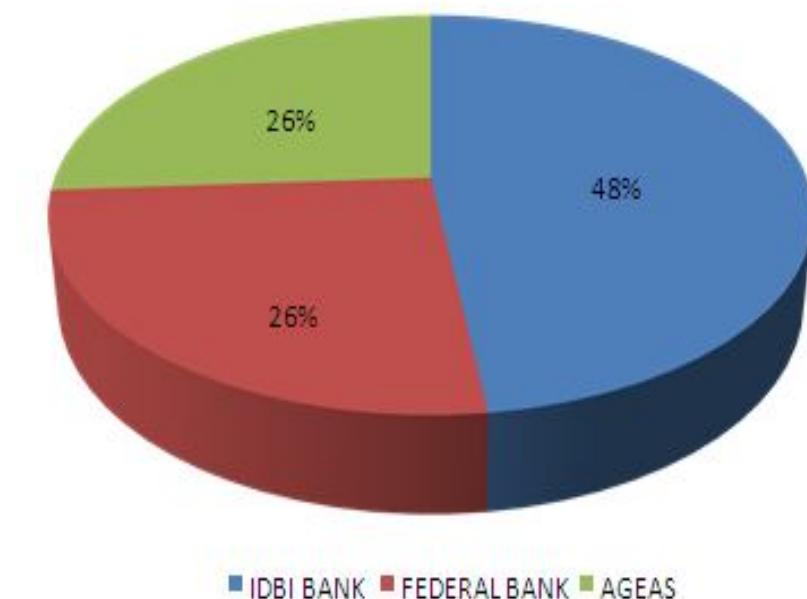
The project aims to make a detailed study of customer relationship management of IDBI Federal Life Insurance Company to understand the strategies implemented by the company to better target its customers and also to analyze behavior of the customers towards the products of the company in order to identify the strengths and weaknesses of the company.

This case study is an insight of Insurance Industry and marketing potential of insurance products in general and of IDBI Federal in particular by conducting consumer survey on insurance products and the opportunities available in distribution channels. The objectives of the project were to identify the Marketing Mix of IDBI Federal Life Insurance Company, to map the attitude of consumers with respect to the life insurance products of Idbi Federal and determine areas of improvement for better marketing of IDBI Life Insurance Products.

### COMPANY PROFILE

#### IDBI FEDERAL LIFE INSURANCE CO LTD

IDBI Federal Life Insurance Co Ltd is a three way joint venture of IDBI Bank, Federal Bank and Ageas. IDBI bank is India's premier development and commercial bank, Federal bank is one of India's leading private sector bank and Ageas is a multinational insurance giant based out of Europe. IDBI Bank owns forty eight per cent (48%) equity while Federal Bank and Ageas own 26% of IDBI federal each. It was started in March 2008 and operates all over India. In just 5 years, IDBI federal brought in Rs. 100 crore in premiums and it became one of the fastest growing new insurance company. Its main marketing channels direct marketing, agency channels or CSF, bank assurance. The company believes in an innovative approach by continuously coming up with new products and services with an aim to deliver world class wealth management, protection and retirement solution that provides value and convenience to the Indian customer. It has a nationwide network of 2,964 partner bank branches, i.e. IDBI Bank and Federal Bank, in addition to a strong sizeable network of partner and advisors. As on March 31, 2017, the company has issued nearly 10.29 lakh policies with a sum assured of more than Rs. 58,653.76 crore.



## INTRODUCTION TO CRM

Customer Relationship Management (CRM) is the tools and strategies adopted by any company in order to manage and analyze customer interactions throughout the customer lifecycle with the goal of achieving good business relations with the customers which results in high customer retention and also drives sales growth. CRM has become a necessity in today's world for every business firm. Customer relationship management (CRM) solutions provide customer-oriented services for planning, developing, maintaining, and expanding customer relationships, with special attention paid to the new possibilities offered by the Internet, mobile devices, and multichannel interaction. CRM enables a company to capture a consolidated customer view through multi-channel interactions in a data warehouse solution. Sophisticated analytical techniques such as data mining, predictive analytics, and statistical modeling are then applied to this customer information to better understand and predict customer behavior. CRM can then be used to strategically implement acquired customer knowledge in every area of the company, from the highest management level to all employees who come into direct contact with customers. CRM thus enables an organization to address its customer's preferences and priorities much more effectively and efficiently. CRM is a tool that can help organizations to profitably meet the needs of customers better than their competitors.

The focus of any CRM strategy is acquisition of new customers, retention of current customers and customer profitability.

- **Acquisition of customers:** there is a need for the company to acquire new customers for new products. Hence company comes up with different strategies from time to time to attract new customers. The cost of acquiring new customer is five times more than retaining a customer.
- **Retention of customer:** Company also needs to focus on the current customers in order to make sure that they continue to be with the company and support their products.
- **Customer profitability:** It is the financial performance of the customer against all the cost associated with acquiring and retaining that customer.

## PROBLEM STATEMENT

IDBI federal has many elite partners from India as well as from abroad. This has helped the company to overcome many hurdles which it came across during its journey since its inception. But no company can claim that it is free and immune to any problem. So is the case with IDBI federal life insurance co. ltd. The following problems were revealed with the company.

- **Lower presence in rural areas**

About 70 % of India's population lives in rural areas and has a huge potential when it comes to generating more revenue and expanding company's size. Moreover, as per insurance regulator IRDA as much as 30% of the revenue must come from rural population. This puts an obligation on a companies to pay attention to rural areas also.

- **Less effective advertising and promotional strategies**

It is observed that IDBI federal's advertisement campaign are not as effective as its competitors. IDBI federal only airs television advertises in the month of March in which tax payers seek tax exemption under section 80c. The company needs to realize that tax payers is only one set of insurance product seekers. There is a bigger market which needs to be exploited. The company needs to promote its products more so as to attract customers who seek savings and investment.

- **Lack of brand awareness**

It is observed that there is a need to create a brand awareness as many potential customers and public at large do not know about the company thus loose these potential customers to its competitors. The company needs to create a brand awareness in the minds of customers so that they look up for IDBI federal when they need to buy any insurance product.

- **Lack of trust in private sector**

After opening up of life insurance sector in 2005, private companies were allowed to compete in this sector. But the market leaders like LIC, which has more than 70% market share, it is hard for infant companies like IDBI federal to compete with the 60 year old government company.

There is also a lack of trust in private sector as people do not trust private companies for long term investments. Trust is a major factor in life insurance sector and insurance agents plays an important role in building it.

- **Negative approach towards life insurances**

Everybody have life insurance but still people often have a very negative approach towards life insurances. They feel life insurance is only for security purposes but modern investment instruments have proven this wrong. There is a need to change this perception and educate customers about these investment products.

## SUGGESTIONS TO PROBLEMS

### Lower presence in rural areas

IDBI federal's has a strong network of offices as well as its agents but it is very much evident that IDBI federal life insurance co. ltd. has a low presence in rural areas. Considering that about 70 per cent of the population lives in rural areas, these areas cannot be ignored. There is a huge untapped market that still need to be exploited. Moreover, as per IRDA (insurance regulatory and development authority) life insurance companies needs to generate 30% of its revenue in rural areas.

Considering the above mentioned facts, IDBI federal needs to increase its presence in rural areas. Also IDBI federal needs to reduce the minimum premium of its products so as to make it more affordable for rural population where family income is much lesser in cities.

### Less effective advertising and promotional strategies

The insurance industry struggles when it comes to public perception. Insurance companies are often accused by customers of not paying out on promised claims and given the serious incidents that insurers generally cover, emotions can run high. Before the global proliferation of the internet and social networks, dissatisfied clients and customers would discuss their troubles with friends or colleagues, or take it up directly with the insurance company. However, things are different nowadays. Comments made on Twitter feeds, company blogs, and Facebook pages can hurt the reputation of insurance companies.

IDBI federal life insurance co. ltd. has a very weak and less effective advertising and promotional strategies. Television advertisements are only aired during the month of March. The reason behind choosing this month is that people seek to take tax exemption under section 80C. The company should advertise more around the year and needs to create a place in customer's minds. Moreover, company needs to diversify its promotional activities and deploy more resources in advertising and promotional strategies in order to increase its presence in minds of customers and thus, increase its revenue.

### Lack of brand awareness

IDBI federal is an infant company when it stands in competition with the life insurance giants like LIC. After company's inception in 2008, the company saw a boom in its revenue and was able to achieve break even in just five years. But the life insurance giants LIC which has an experience of over 60 years, IDBI federal needs to put an extra effort to create a place in the minds of consumers. The company can create a better brand image by funding charitable events so that company's potential customers can relate to the company on the emotional level. The company also needs to tell people that the private players in this sector are not there as only money making entities but are also socially responsible in the environment in which it survives. This will create a better outlook to potential customers and improve the image of brand as a whole.

### Lack of trust in private sector

Private players in life insurance sector is still not looked upon as trust worthy entities but as money making ones. Life insurance being a long term investment, require a bedrock on which this business is based upon. This bedrock is trust. Agents and sales advisors plays important role in forming a bond of trust with customers and this is the soul of customer relationship management.

IDBI federal needs to make the potential life insurance customer shift from government companies to private companies. LIC is still dominant in this sector with over 70% market share. People still feel private players are only to make money and they do not trust them for long term investment. IDBI federal needs to increase

its claim settlement ratio as well as bonuses. Currently IDBI federal only has 84.79% claim settlement which is very less than its competitors. This pushes IDBI federal back from its competitors.

Increasing its claim settlement ratio will impart trust within potential as well as current customers. This is much needed not only to IDBI federal but for any business entity.

#### **Negative approach towards life insurances**

Everybody have life insurance but still people often have a very negative approach towards life insurances. They feel life insurance is only for security purposes but modern investment instruments have proven this wrong. Nowadays, insurance companies are coming up with new and innovative insurance products which cater the needs of different individuals and facilitate growth of funds. The customer perspective needs to be changed as it is still a taboo to even think of yours or someone else's death.

IDBI federal needs to educate its customers about its products and promote its unique selling proposition that is higher returns on investment. The company needs also to change the thinking that life insurance policies are only good in case of decease by advertising its products and promoting the return and savings factor associated with life insurances.

#### **IMPLICATIONS**

There is a scope for improvement in IDBI federal life insurance co. ltd. If the company applies the above mentioned suggestions the following implications can be predicted.

- Increased revenue**

There is a great scope for expansion in rural sector which the company have not exploited yet. About 60% of the market is still untapped and the company needs to make a first mover advantage which is must in a competitive space like life insurance sector.

- Increase brand image**

The people have a lack of trust in the private sector, which calls an immediate need to improve the image of private sector as a whole. If the company changes its marketing mix and employee resources to its promotional strategy, the company can improve its brand image. Brand image is the heart and soul of marketing and brands constantly strives to improve it so as to be successful than its competitors.

- Change in outlook of customers**

Nowadays people have a very negative perspective towards life insurances which can be changed. Moreover, the private companies in insurance sector are not trusted easily. Thus, these suggestions may improve the situation of IDBI federal life insurance co. ltd.

These suggestions can improve IDBI federal life insurance co. ltd.'s position in market and will give the first mover advantage from its competitors.

## **ONLINE BANKING AND E-CRM INITIATIVES: A CASE STUDY IN RETAIL BRANCH BANKING**

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### **ABSTRACT**

*HDFC Bank has changed itself into an innovation concentrated finance administrations bunch in the last 10 years in order to accomplish its long term objectives of being in a position to maintain balanced promoting and also to practice one to one marketing. The bank has taken a progression of activities which incorporates internet banking in which the communication between the bank and customer is not face to face. This makes a gigantic administration service for banks regarding how to serve and keep up client connection. This contextual analysis in discussion with reference to how the bank utilize "Electronics Customer Relationship Management" instrument to keep up client relations by utilizing the web and what the sum total of what benefits have been inferred by utilizing the E-CRM.*

### **INTRODUCTION**

In the new economy, business, particularly in the administration division has moved toward becoming customer driven and has been exploring better approaches to benefit customers productively. According to recent reports, HDFC Bank has more than 50 lakh customer accounts, off which around 15% are NRIs. The bank has seen propelled data innovation as an administrative and focused device and has endeavored to saddle innovation to the greatest conceivable degree to convey predominant customer administrations. The fundamental thought of CRM is to enhance customer loyalty degree by examining the customer's detailed data with a specific goal to enhance the corporate competition capacity. The idea of CRM intends to augment customer esteem in the long run, by strengthening business procedures, showcasing and customer benefit on relationship support by aiding through IT (Information Technology) frameworks. The fundamental goal of CRM is to hold current customers through increased benefits and satisfaction and acquire new customers of higher profitability. Recently, CRM has become a central part of most businesses and organizations are implementing CRM systems. CRM systems are a classification of organizational information systems that enable organizations to provide services to customers. The retail strategy revolves around intensive deployment of technology to help and cut down the cost of service, this will increase customer retention, and along with this it will help in cross selling and with improved efficiencies. There has been a push towards allowing the customers use multiple platforms for initiating banking transactions.

E-CRM involves enhanced communication both between the virtual banking system and customers, also the prospects within the group itself. A one stop shop point for customers which can be accessed by them from anywhere, anytime. This can be accomplished by taking into account the unique perspectives of each customer who is a part of the organization to facilitate the multiple business functions to carry out customer management more effectively and efficiently. It facilitates the bank to conduct interactive, personalized and relevant interaction with customers. Use of CRMNext portal where in the relationship manager can keep a track of the customer transactions and facilitate in the further process. E-banks and E-branches, an E-Bank exist just on the Internet where paper record is not kept and it works everywhere throughout the world with no topographical limits and it is accessible round the clock and without any barrier of working hours, while E-branch bank is a physical bank that gives Internet Banking to its clients toward more E-branch benefit then E-managing an account benefit.

The deepening of technology has facilitated better tracking and fulfillment of commitments, multiple delivery channels for customers and faster resolution of customer complaints. The banking industry around the world has been undergoing a rapid transformation. There is high competition and greater risk for banks and other financial intermediaries. The cross border flows and entry of new players and products have forced the public and private sector banks to form a product mix and make rapid changes in the processes and operations to be competitive in the market. Banks today are market driven and market responsive. The major concern is towards maintaining the market share in every line of business in the heightened competition.

Also, with the introduction of new players and multiple channels, customers today have become much more discerning in order to avail the best possible products and services. Internet has got a very major place in the banking services. The relationship, which is maintained among customer and organization, has always a special place in the banking industry when compared to other industries. The interaction process includes three main factors, that is, Information trade, business and social exchange. HDFC team has set an apparent target garnering ten million internet customers by 2010. In addition to this, the bank maintains to attract high growth companies and its affluent customers to its client base. HDFC's vision is to be the leading e-centric, customer-driven supplier of financial services in India. There is more dramatic progress when e-CRM solution is in its place. Technology plays a vital role in enhancing the role of e-CRM in developing the relationship with the organization. Convenience of making payments ease with the site, trust is important to develop the relationship.

The process of liberalization and globalization have unleashed competitive forces transforming the sellers' market into the buyers' market, thus challenging the retail banks to make the customer communications much more interactive. The concept of CRM is more individualized, moving away from one to many mass communication philosophies. Real time marketing communication in relation to the effective, personalized sales and services will make the retail bank's communications to the customer much more relevant and efficient.

CRM can be defined as "those activities that an enterprise performs in order to identify, select, acquire, develop and retain loyal and profitable customers. It integrates the sales, marketing and service functions in an intelligent way through business automation process, technology solutions and information resources to reach out to large number of customers, fostering relationship among retail banks, customers and employees".

Research conducted over the years has revealed that the importance and the role of service quality in contributing to a bank's ability to retain the loyal customers and has improved the bank's performance. It is very wide, encompassing for retail banking in different areas like customer satisfaction, customer loyalty, service quality, relationship quality and market orientation. Among the different areas, there is a direct relationship between service qualities and successful customer relationships, that is, one of the many determinants responsible for the success of the relationship marketing strategies of a firm is how the customer perceives the resulting service quality. This is also because of the perceived service quality that plays as a key driver of the perceived value. The perceived value determines the power of the relationship between the customer and the bank. The aim of CRM is at focusing all the retail bank's activities towards developing long-term joint relationship with customers, developing them as lifetime customers. Retaining the customers by the way of developing long term relationships is an issue which is of major concern for all the businesses, and is arguably of particular relevance to services in which, building and maintaining a long term relationship is seen as central to improve bank's performance.

### **CUSTOMER CHALLENGES**

The major customer challenges that are faced by the bank in dealing with customers are; build a comprehensive and actionable 360 degree customer view for detailed information about the customer so as to offer them suitable products to the customer. Also, fragmented customer information in multiple disparate systems, fragmented selling process leading to fragmented ownership, low visibility and challenges in monitoring of turn-around times. It is a time consuming processes for reconciliation and generation of reports. Also, low visibility of information leading to inefficiencies in cross-sell and up-sell. Customers are highly demanding and sensitive, which creates more complex situation for the banks to operate in different situations. Handling the large customer base and associated data management challenges to improve the efficiency of the bank so as to be effective. Aim of the CRM is to improve customer service, develop a relationship and retain valuable customer to ultimately maintain and increase the profitability of the organization.

The use of E-CRM and advance e-tools has facilitated the bankers and the customers. The research objective is to identify and elaborate the key benefits of the advance technologies in the banking sector. In a e-CRM solution, the data warehouse contains a consolidated and comprehensive view of the customer. This is

needed to determine an appropriate course of action, the most effective offer to make, and the best channel to deliver the services. Organizations today have different methods of interacting with customers. An e-CRM solution must have applications that coordinate customer communications across different channels. The applications capture customer transaction across different points and store that information for assessment and response.

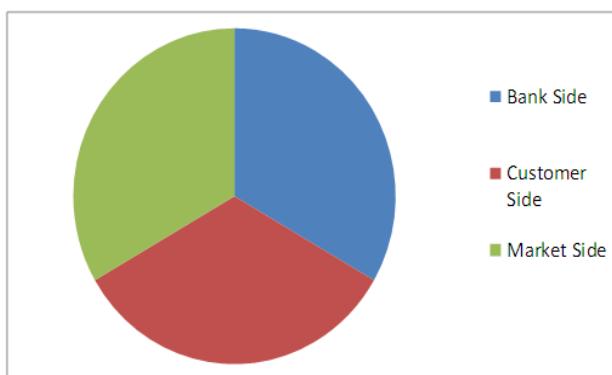
### **PROBLEM STATEMENT**

The service/product mix offered by the banks, the service delivery system has drastically changed. It is critical to identify the customer expectation, which is an influencing element in retaining and increasing the customer base. The complexity in building relationship strategies for retail banks needs clear classification of customers' perceived service quality variables and the variables that need to be inducted to the employees serving the customers. CRM in retail banking gives rise to a number of issues that includes influences contributing towards relationship and influences leading to dissolution of relationship. In the retail banking business, there is complexity in measuring the relationship quality as it is influenced by the value proposition of the products offered and the quality of services delivered to the customer. The perception factors that influences relationship differs between the bank customers and bank employees. A meaningful understanding of those influences would obviously contribute towards arriving at a profitable relationship building strategies and misunderstanding of the influences leading to inappropriate relationship strategies.

Building a strategic model for retail banking industry, by classifying and identifying service quality variables, is considered as a significant problem.

Organizations today have different methods of interacting with customers. An e-CRM solution must have applications that coordinate or synchronizes customer communication across channels and do so in real time. These applications must be able to capture customer transaction across different touch points. E-CRM is a continuous process. E-CRM has benefits both for banks and customers. The bank will be able to establish a better relationship with the customer, whereas from customer point of view, the user interface and satisfaction. Banks use e-mail for business communication and it is convenient for customers as well to be updated with the new schemes introduced by the bank. With the help of E-CRM the bank is able to provide better personalized services on one to one basis and the customers experience the speed of processing the transaction through e-response. Bank use the website to market its products and services, whereas customers experience the quality of service rendered to them. Bank ensures the security of the transaction and help in building trust from the customers end.

The adaptation and maintenance of CRM systems build a long lasting relationship with customers and help in generating more revenue and profit. The bank recognizes the strategic role of CRM and the diversity of needs of different customers. Also, to deal with the complexity of systems and work in a more efficient and effective manner bank need to hire professional employees. The three components that guarantee the success of banking functions in the changing environment are technology, customers and processes. E-CRM is the prominent buzzword in business and is also perceived as one of the most effective tools presently used in the banking sector. There are many firms that are in the process of merging their CRM concepts and utilize their knowledge management in an effective way to serve the customers to reduce their costs and increasing the value of interaction.



The Bank side includes Public relations such as customer support, customer profile, third party mediations. Also, the marketing 4P's (Product, Price, Place, Promotion), Personalization and Customization. Bank need to support their customers once they are registered in their systems. The focus should be on customer support because the cost of retaining a customer is much lesser than the cost of acquiring a new customer. They need to understand the profiling and need to put efforts to understand their preferences more. Enhanced research directed towards the personalization of service is important to increase the customer base.

The Marketing Side includes Market Forces and Regulations. Market forces are the Quotas and Trends, Competitors Behavior and New trends emerging in the market. Regulations are the governance and governing bodies such as banking association, etc. Market forces drive the banking sector to areas and directions that are not driven neither by the bank nor the customers.

The Customer Side includes Systems and Transactions. The system is related with the Ease of use, usefulness, social influence and trust. Transactions are the frequency, cost, convenience and Quality Dimensions. The mining data needs to be utilized to get the full potential of e-CRM systems. More the customers are using electronic channels, more they are making their information accessible for businesses to analyze and understand the customer's behavior. The frequency of using the system, the convenience of using the systems and the quality of transaction offered within the e-CRM domain are the areas that need to be looked upon.

Retail branch keeping cash implies a mass-grandstand dealing with a record where all the individual customers by and large use the bank's organizations, for instance venture assets and current records, contracts, credit offices such an individual advance, car advance and some other standing direction. Diverse administrations are given to High Networth Individuals. Additionally in light of various projects received, appealing offers are made to the general population. Customized administrations are additionally to gave to such clients. Before Internet, clients used to choose their banks in light of the area of its branches, in the matter of how nearly they are situated from their homes or workplaces. With the headway of innovation in the keeping money business, offices, for example, web saving money, ATM have increased substantially more significance. Likewise, clients today are allowed to pick any bank of their decision for their managing an account exchanges.

Competition and globalization of keeping cash organizations are driving the banks to be valuable and profitable. To hold High Net worth individuals, banks should focus immovably on relationship organization with customers. Inventive client relationship administration strategies and programming help, everything considered, in fulfilling the results. To give changed organizations, banks are customized foundations that give all the required cash related necessities of a customer.

Client Relationship Management (CRM) is a procedure or technique used to take in more about clients' needs and practices keeping in mind the end goal to create more grounded associations with them. There are numerous mechanical parts to client relationship administration, however considering CRM in essentially innovative terms is an oversight.

The more useful way to think about CRM is as a process that will help bring together lots of pieces of information about customers, sales, marketing effectiveness, responsiveness and market trends. Today retail banking sector is characterized by following:

- Multiple products (deposits, credit cards, insurance, investments and securities)
- Multiple channels of distribution (call center, branch, Internet and e-lounges)
- Multiple customer groups (consumer, small business and corporate)

CRM enables organizations to utilize innovation and HR to pick up knowledge into the conduct of clients and the estimation of those clients. The procedure is one of the essential themes in the expression of business. Its effect and estimation essentially can't be denied. Without appropriate CRM there is no real way to attract and keep clients to your business and it will be unsuccessful accordingly.

## **CONCLUSION**

The study provides insight of the banking with HDFC Bank Ltd. in retail branch banking.

It highlights the various aspects linked with enhancement of relationships with the bank and contributes towards relationship building and factors leading to the dissolution of relationship. The major findings will definitely help the bankers to formulate the desired strategies leading towards building of relationships. It has been found that there is a difference in the service quality perception of customers and bankers in regard with several aspects linked to relationship management. Such perception gaps need to be minimized, so as to gain customer loyalty. Also, expectations vary largely across the different segments of the customers. Those expectations need to be clearly identified and personalized to have higher levels of customer satisfaction. Various suggestions towards improving relationship between customer and bank by enhancing the service quality delivered and the development of personnel involved in the delivery system is termed as external and internal service quality.

Further, focus on strategic decision pertaining to relationship building leading to increased customer base, not only retaining the customers but also acquiring new customers. An effective Customer Relationship Program designed and executed will obviously provide a great platform both for the customers and service providers. Therefore, in order to develop a long term relation with the customers, the bank have to concentrate on both the internal as well as external service quality.

This study implies that e-CRM research is not covering all aspects of the domain, and much research is focusing on certain aspects of our proposed framework. Areas like governance and regulations related to e-CRM are not explored in the existing research. The second area that is not covered by our sample of research is profiling domain. Such domain is new and requires a joint effort between data mining researchers and marketing experts. Finally, the framework served as a good tool to guide our results and future research.

Q1. How cultural changes effect CRM?

Q2. To investigate the factors stopping organizations from applying CRM.

## DIGITAL E-WALLETS

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As the mobile revolution sweeps through human civilization, it was definitely not going to leave money behind. Mobile wallets and POS solutions are becoming more and more mainstream through companies like Google and Flipkart, Snapdeal, Amazon and the like. After being left out of the internet and computer revolution, India has leapfrogged directly to the mobile age. With over 1100 million mobile subscribers in India and a rapid smartphone and internet penetration, India is poised for an e-payments proliferation.

Freecharge is one of the companies that's trying to capitalize on this. Started in 2009, Freecharge is India's fastest growing mobile wallet with more than 4 Million users in India. The Freecharge Wallet enables users

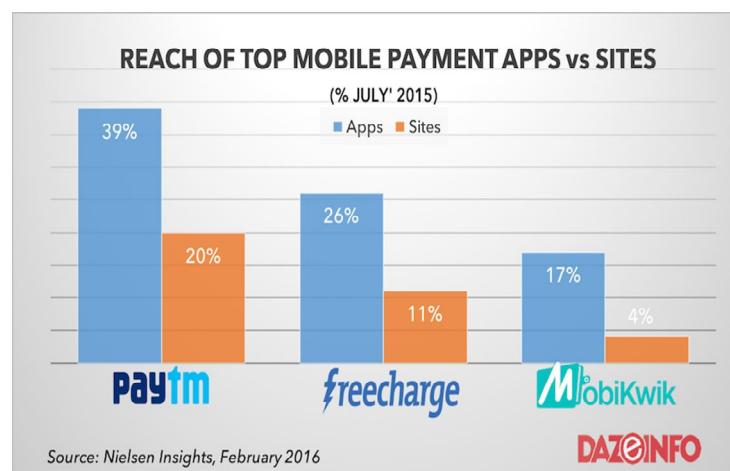
to pay in a flash for their recurring recharge and bill payment transactions and to buy products on popular e-commerce Websites and Mobile Apps. Users can enjoy Freecharge Wallet services on Freecharge.com and on Android, Windows, iOS and BB mobile applications. Freecharge also provides 1-click checkout payment solutions to e-commerce merchants. Sarthak started Freecharge with the vision of making mobile payments easier for the average Indian user. His current focus is on taking the Freecharge Wallet to a billion Indians (user growth), product innovation, and investor relations.



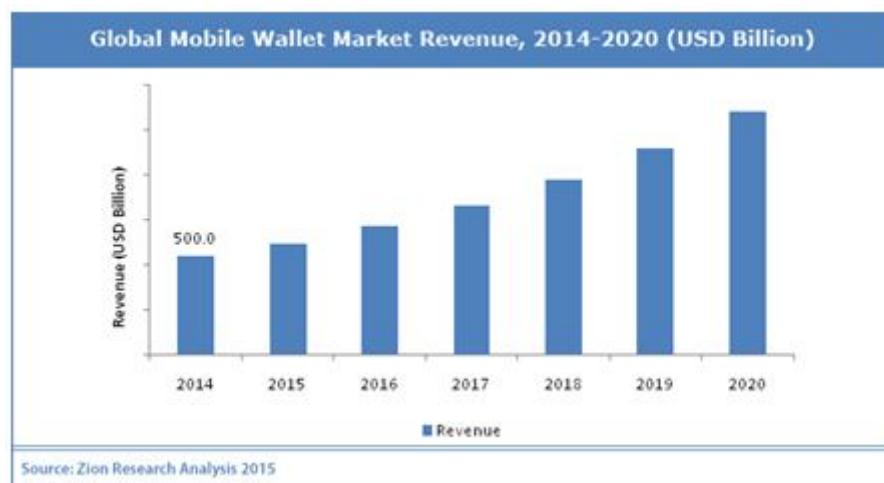
Sarthak has worn several hats at Freecharge – from writing Java code, to Customer Support and Marketing. Prior to his entrepreneurial journey, Sarthak was at Google.

### **FREECHARGE: THE MOBILE WALLET**

The multi-faceted mobile is an integral part of human life with its many uses. From facilitating communication to providing entertainment and even becoming a useful work tool, the mobile does it all. The mobile in turn attains and derives its talents from those who can envision and extend its boundaries. With the adoption of e-commerce and digital currency, payment startups have grown at an unprecedented pace over the past two years. Digital wallets are gradually replacing the traditional wallet in metros and bigger cities. Mobile wallet is a mobile-based virtual wallet, where you preload a certain amount in your account created with the mobile wallet service provider, and spend it at online and offline merchants listed with the mobile wallet service provider. For example, if you go to a coffee shop A, which is listed with XYZ mobile wallet, you can pay for your coffee through the phone. Depending on the service provider, you can also pay through app, text



message, social media account or website. There are four types of mobile wallets in India - open, semi-open, semi-closed and closed. Open wallets are the ones that allow you to buy goods and services, withdraw cash at ATMs or banks and transfer funds. These services can only be jointly launched with a bank. M-Pesa by Vodafone and ICICI is one such example. Apart from the usual merchant payments, it also allows you to send money to any mobile number bank account. Airtel Money is a semi-open wallet, which allows you to transact with merchants that have a contract with Airtel. You can't withdraw cash or get it back. You'll have to spend what you load. Then, there are closed accounts, which are quite popular with e-commerce companies, where a certain amount of money is locked with the merchant in case of a cancellation or return of the order, or gift cards. Lastly, there are semi-closed wallets like Freecharge, which do not permit cash withdrawal or redemption, but allow you to buy goods and services at listed merchants and perform financial services at listed locations. When you credit money to a mobile wallet, you would want to know what happens to the money till the time you don't spend it, and is there a possibility that the mobile wallet service provider can have a free run with the money. Worry not! Reserve Bank of India, the big daddy of financial providers in India, has a complete set of guidelines for mobile-based payments, which takes full care of customer's interest. Sarthak started Freecharge in 2009 when he was tired of his easy going corporate job and was looking to do something new in life. He wanted to create a simple payment platform for prepaid mobile users to recharge their currency. Slowly, TV recharge and other utility bill payments were added by Freecharge. The company launched its android app in 2012. At present Freecharge has a team of over 150 people and expects to double the headcount by the end of the year. Freecharge stands for the quickest way to mobile freedom. It was founded with the vision to create an online store where all the needs of mobile owners can be satisfied. These include three major verticals: Voice, Data and Applications. These would be the three pillars around which customer touch points would evolve in next 4-5 years. Internet is the best platform for creating these touch points. Your preloaded amount is deposited. Only when you make a payment, the respective amount is credited to Freecharge account. They don't have any control over your money, so there is no question of the service provider running away with the customer's money. However, not all the wallet types are required to open an escrow account so it's best that you check it with the vendor before registering with one. When you make a payment through net banking or through a debit or credit card, you are disclosing your sensitive bank data on the merchant's site or establishment; it can lead to unwanted financial happening. But when you use mobile wallets, you restrict the exposure of your confidential data, which single-handedly wins the case for a service like ours. The biggest advantage of mobile wallets is the massive rewards in the form of discounts and cashbacks.

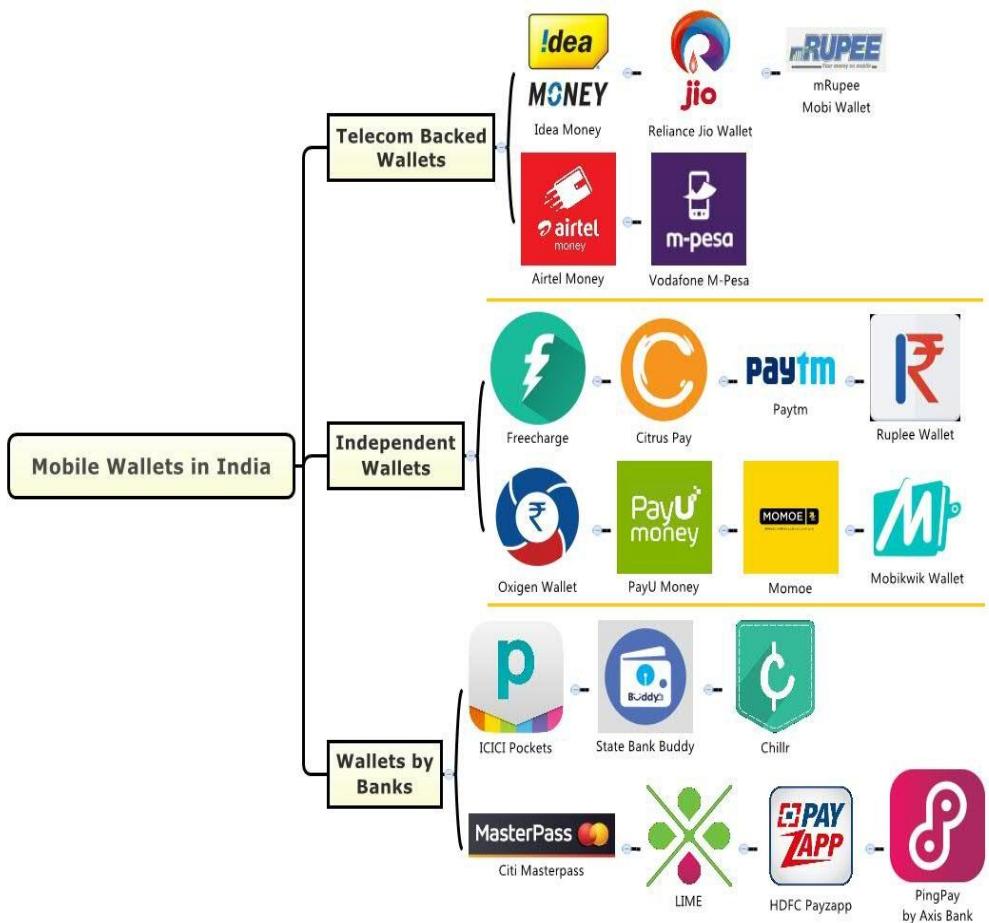


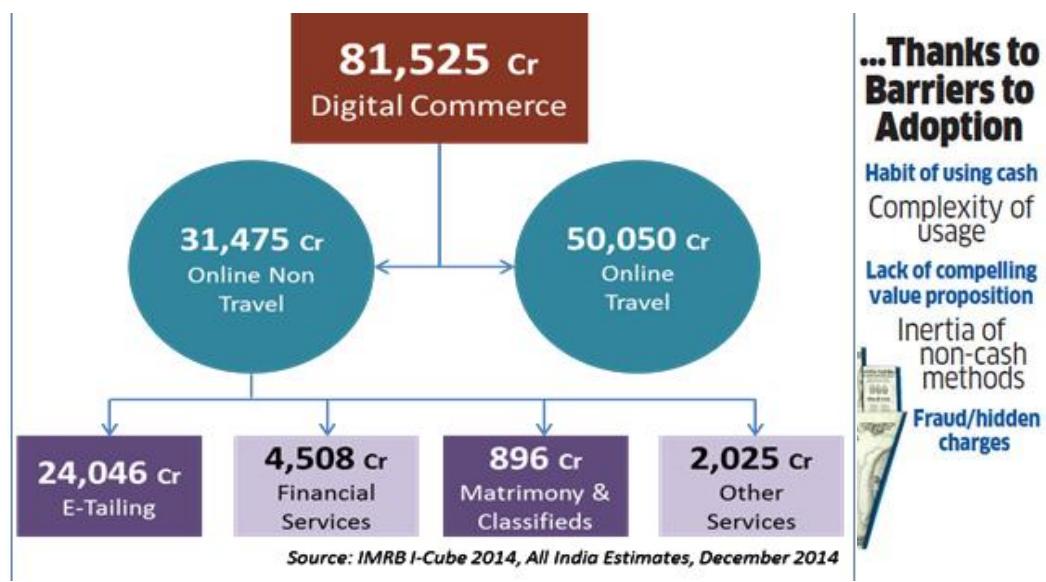
Freecharge ranks third in the Indian market among the mobile wallet players after PayTm and Freecharge. The biggest USP of Freecharge is its strong focus on the wallet segment. While there are many companies in the payment space, no one else operates as a true wallet. Many of them have diversified into other segments like e-commerce and recharge. On the other hand, Freecharge has a laser sharp focus on building our wallet offering as the most convenient way of making payments across the spectrum of online and offline consumer services.” Additionally, it has a strong focus when it comes to technology. It’s mobile app is one of the

lightest and fastest in this space, across platforms. According to the company, as of March, 50% of Freecharge's overall revenues come from mobile recharge, 22.5% from online shopping, 12.5% from ticket booking, 10% from DTH recharge and 10% from utility bill payments. It also claims to process 300,000 transactions every day. As of December last year, 7 out of its 10 million users were on mobile. The company had claimed that it was adding about 30,000 new wallet users on a daily basis.

However, Freechargedidn't disclose the number of active mobile wallet users, but said that 80% of the active users are on the mobile app and 20% active users are on desktop & SMS. The main competitors of freecharge are PayTm, PayU Money, Paypal.

Freecharge is heading from Mobile Wallet to Payment Bank. Freecharge has applied in Feb 2015 for a Payments Bank license to the Reserve Bank of India. The RBI has asked Freecharge for the capital structure of the company, and how the capital structure can comply with the RBI needs from payments banks. Secondly it has asked for a business plan. And third is the banking related compliance, and what will it do to meet RBI guidelines on those. Payments Bank will be subject to the same kind of capital and structuring requirement that banks are subjected to. What that means is that all Payments Banks, like scheduled commercial banks, need to be owned by resident Indians. There are also caps on how much foreign parties can own collectively and also how much each individual foreign party can hold. The implication of that on a lot of other PPI (Prepaid Payment Instruments / wallet) players is that, there are a number of other PPI players, who have a lot of their equity base owned by foreign investors. They're going to have to prove to the RBI that over time they will migrate some of the shareholding from external investors to resident Indians. Freecharge is owned and controlled by resident Indians, so the company doesn't have to prove anything to the RBI. They are already compliant with their norms. Finally, on the business plan, the RBI is looking for answers on how they will go about their business. There are two lenses to this. One is how will they address the issue of financial inclusion. How will they get unbanked and underbanked people to be part of the financially included? The other part is, how their financial inclusion agenda fit in the overall framework will be sustainable for a Payments Bank as a whole. So it shouldn't be that an applicant's financial inclusion agenda isn't stretching themselves too thin in terms of their profitability or their other points.





III cities, but also in smaller towns and villages. One of the access points for them is their mobile phones and it removes the need for infrastructure to be created for transactions. Transactions can happen right at phones at people's fingertips which takes away a whole lot of cost for the company. They have a secure, stable and highly scalable platform which can reach villages. So they look at themselves a technology company which can add a whole number of financial products etc. However, to enable financial inclusion, having just a technology solution may not be sufficient. That's because a lot of people are still not familiar with financial products and need some amount of education about them. They may need customer service support, they may also need grievance redressal services and might be more comfortable with dealing with a person in front of them, as opposed to technology-based email solution etc. So therefore the company needs some sort of physical touch points . There they should look to partner with people, that have a physical reach in these places. And they are already in discussion with some partners, who have the passion and willingness to innovate on customer service. They are in discussion with a couple of banks, and are also in discussion with other players. The choice of their partners is two-fold. Firstly, these people have got to have touch points where they can put human resources and physical infrastructure. Potentially they should already have it in place in remote areas. Secondly, some of the software aspects are also important as well. So it's not merely a question of having infrastructure, but also how important the initiative is for the potential partner and are they willing to learn and innovate. Which is frankly, besides the physical touch points, there will be a lot of work required and some new models will have to be created in the way you achieve product education and in the way you go about customer service. So that's the lens in which they should be looking for a partner and if it's a bank then it's great and if it's somebody else, that's fine too. The most basic financial product anybody would need is a basic savings account. There are lots of other kinds of products related to that. There are products related to bill payments, insurance, investment products etc. Their existing platform already has a number of products. Even if they are not business correspondent, they already have a lot of access to a number of products. Specifically, they've got a user base of 12 million users, which is growing every month, and these people are transacting on a number of financial products.

Q1. Do the SWOT and PESTNL analysis of the mobile wallet brands existing in India.

Q2. What are the major concerns related to M-commerce Industry?

Freecharge's plan in addressing financial inclusion is basically through a two-fold approach. Firstly, they're a tech company, and they have a technology platform which is very easy and cost-effective to reach out to people across the country. Not just in tier-II and tier-

## CUSTOMER SATISFACTION AT FORD MOTORS

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### ABSTRACT

*Study at Ford Motors is an attempt to understand the importance of consumer experience in the field of automobile industry ; Secondly to understand how the level of customer satisfaction influences the needs and buying pattern of the customers ; Thirdly it lays emphasis on the positive effects of introducing the ford guest experience in India in terms of its increased footfalls inside the ford showroom and increase in the number of customer satisfaction and thus in turn the increase in the sales of the cars of the company. The research sample of 96 respondents was collected in order to understand their level of knowledge among the people (whether or not a customer of the company) about the ford cars and its competitors existing in the market and what is their experience regarding the showroom visits , selling process , the delivery of the car and after sales services provided by the company . The main purpose of conducting this survey was to determine the effectiveness and efficiency of the ford guest experience and its uniform implementation across the whole Delhi NCR region and how the customers were responding to the whole strategy adopted by customers in welcoming them as their guests in the huge ford family. The area of research is restricted to the Regions of Delhi/NCR.Exploratory research design has been used in the initial stage of the study to explore the possibility of carrying out the research on the topic "Business excellence through ford guest experience". An extensive literature survey is conducted for this purpose. Both qualitative and quantitative research is done in the Research Project. Qualitative aspects and attributes have been studied to carry Qualitative Research. Quantitative Research has been quantified where the responses received from respondents are used to draw logical conclusions.*

### BACKGROUND

Automobile industry is a symbol of technical marvel by human kind. Being one of the fastest growing sectors in the world its dynamic growth phases are explained by nature of competition, product life cycle and consumer demand. Today, the global automobile industry is concerned with consumer demands for styling, safety, and comfort; and with labor relations and manufacturing efficiency. The industry is at the crossroads with global mergers and relocation of production centers to emerging developing economies. Due to its deep forward and backward linkages with several key segments of the economy, the automobile industry is having a strong effect on the growth of a country and hence is capable of being the driver of economic growth. It plays a major catalytic role in developing transport sector in one hand and help industrial sector on the other to grow faster and thereby generate a significant employment opportunities. As automobile industry is becoming more and more standardized, the level of competition is increasing and production base of most of auto-giant companies are being shifted from the developed countries to developing countries to take the advantage of low cost of production. General Motors, Ford Motor Company, and Fiat Chrysler Automobiles US are often referred to as the "Big Three," being the largest automakers in the United States. They were for a while the largest in the world and two of them are still a mainstay in the top five. The Big Three are also distinguished not just by their size and geography, but also by their business model. All three have their headquarters in the Detroit area. The majority of their operations are unionized with the United Auto Workers and Canadian Auto Workers.

Henry Ford started the company in 1902 with \$28,000 in cash from twelve investors, among which were John and Horace Dodge, who would later found the Dodge Brothers Motor Vehicle Company. He was 40 years when he first established the company's first factory on Bagley Street, Detroit. He later incorporated the firm on June 16, 1903. Ford Motor Company would go on and label their models chronologically in alphabetical order, starting with the Model A to the Model K and Model S, which was Ford's last right-hand steering vehicle. The car's success compelled Ford to expand his business and layout the basics of mass production principles in 1913 with the introduction of the world's first vehicle assembly line. By 1912, production figures for the Model T alone reached nearly 200,000 units. By the mid 20's, the Ford label had crossed the ocean and reached England, France, Germany, Denmark, Austria as well as distant Australia.

The company's activity on European grounds further helped the brand's revenue growth. Post WWI improvements include the introduction of four-wheel brakes and a series of new vehicle releases to match new consumer demands. In 1922 Ford entered the luxury car segment with the acquisition of the Lincoln Motor Company, named after Abraham Lincoln whom Henry Ford admired.

Since then Ford has managed to create a strong brand image and market share. In 2012, it was placed seventh amid the top automobile brands (all Audi, Hyundai and Lexus were ranked behind Ford). This gives Ford substantial competitive advantages, such as increased sales growth in domestic, as well as allowed to charge premium prices than its competitors, hence, margins are relatively higher. In 2011, Ford reached 16.5% market share in the combined car and truck category in the US, higher than 14.2% market share in 2008. Such strong market position intensifies the firm's competitive advantage and rises its bargaining power. Ford has a powerful and diversified operational network. The organisation administered 69 producing plants, 41 distribution centres and warehouses, 56 engineering, experiment and innovation centres, and 110 sales facilities worldwide. Consequently, allowing Ford to connect with various kinds of consumers.

A winning brand strategy is one of the most crucial concern for marketers as it is the brand which makes a consumer choose your product over that of another company's. Today, Ford has done a good job of associating its brand and vehicles with great fuel economy. The "Go Further" tag line has helped position Ford as a viable option against Toyota and Honda as another quality, fuel-efficient choice for automobile buyers but as the times changed the perception of people towards the automobiles changed and now they were not merely limited to the looks and features and uses of the car but also other important aspects such as their overall experience in at the showroom and the leisure achieved by using that car and being associated with that car's brand. Ford being one of the major players in this industry for over a century it has a strong brand image, superb quality products, a large and loyal customer base, a vast supply chain network spreading across the overseas reaching its customers and innovative engineering in its automobile providing it a large market for expansion of its operations globally, cost reduction and product development opportunities complementing the demand and supply of its products. But along with it comes its weaknesses such as limited network of production facilities globally, high production cost and slow innovation rate. Moreover Ford has a lot of competitors existing in the market which gives it tough completion to survive in the market.

### **PROBLEMS AT FORD**

We know that in today's world Customer experience has become increasingly popular. Consumer experience concerns more than just value creation when transactions are taking place, but potential value created in each possible interaction between customers and companies. That is to say, consumer experience aims at involving customers holistically and consistently on different levels, enabling them to live all the moments of the relationship with a company in an excellent and even positively unexpected way. We are now entering a stage of experience economy. For many consumers, the purchase of a car is the second largest investment they will make in their lifetime. Aside from buying a house, it requires the largest amount of time, research, and financial investment and can be a long and tedious process. Unfortunately for many consumers, the car-buying journey is disjointed, causing a lot of stress and leaving them feeling unvalued by the car company and even taken advantage of at the end of the day. Customer experience is vital to drive growth and is ahead of product innovation and pricing in the consumer's list of priorities. The reason is that If you do not impress the customer, then your marketing strategy will be of little use. Leading companies are using social networks, customer relationship management (CRM) systems, and point-of-service to spot trends in customer experience.

According to The James David survey which creates a benchmark for the automotive industries, Ford's performance was rated amongst the lowest level performance in terms of its overall customer experience and thus Ford began to rethink its strategy and formulated a new strategy named as the "Ford Guest Experience. Thus there was a need to identify problems in the customer experience of the customers at the Ford showrooms for India; Delhi/NCR Region as well as the customer experience at other competitor automotive brands and understand the tools/techniques and technology used to execute the selling process by the automobile industry of India. Also To propose a solution for Next Gen Sales Tool to give a signature moment to customers of the company.

## **RESOLVING THE PROBLEM**

The Ford Guest Experience is newly introduced in India from the financial year march 31<sup>st</sup> 2017-2018 due to the increasing rate of unsatisfied customer the company was losing its market territory and brand value increasingly. The customers didn't had a very pleasant consumer experience once they stepped into the showroom and the existing customers didn't had an efficient and effective service system and grievance redressal experience the unhappy customers led to the reduced footsteps in the showrooms as a result of which the sales and market value of the company declined eventually. Keeping in mind the importance of the consumer experience FORD motors knowing the need of the time, came up with the idea of FORD GUEST EXPERIENCE to enhance their customer satisfaction levels . Hence this study was conducted to check the performance of the whole ford quest experience in the delhiNCR .

## **THE OBJECTIVES OF THE PROJECT WERE**

- To identify problems in the customer experience of the customers at the ford showrooms for India; Delhi/NCR Region as well as the customer experience at other competitor automotive brands .
- To identify the Ford Guest Experience process being used in the companyeffectively
- Understand the tools/techniques and technology used to execute the selling process by the automobile industry of India.
- To propose a solution for Next Gen Sales Tool to give a signature moment to customers of the company.
- To study differences in the Sales process of competitors of Ford India .

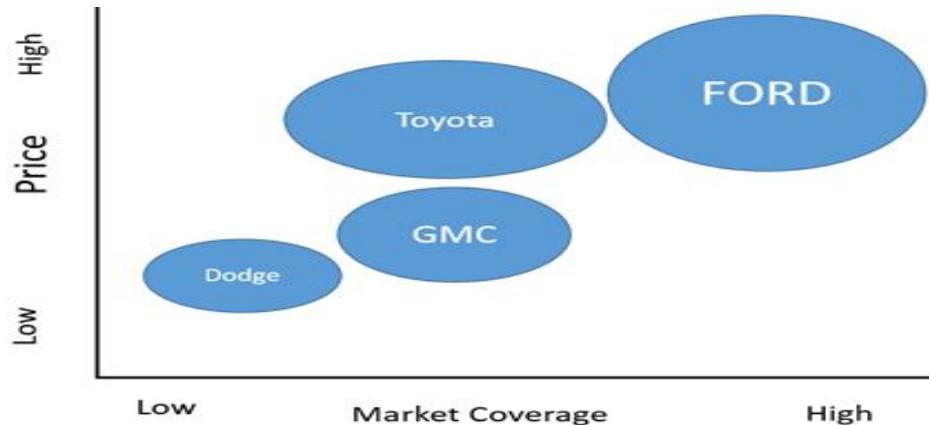
Since the research is based on the automobile industry, a detailed observation of our subject brand i.e. FORD and its different competitors has been conducted about its segment of cars, the marketing strategy used and the technology used in the sales process. Based on the topic and the objectives, a questionnaire was designed which consists of 17 questions to understand and identify the consumer experience of the customers stating from the showroom to the servicing of the car.

## **CONCLUSION**

- The responses which have been collected comprises of both the male and the female genders, where in there are 57.3% male responses and 42.7% female responses .
- After conducting the survey it was found that almost 94% of the people have visited the ford showroom in their lifetime and had a good experience during their visit.
- The ratio among the people who owned a ford a ford car to those who didn't own one was 52.1% to 47.9% and out of those who owned ford cars 24.4% of them were a customer from past 1 year , 15.1% of them from 2 years, 9.3% from 3 years and 15.1% from more then 3 years.
- According to the survey conducted by me , it was found that most of the people(more then 50%) had a good experience while visiting the showroom and were happy with the valet parking facility, concierge service as they don't have to wait for the information at the reception and more then 30% customers had an excellent experience at the showroom with a very few with poor experience. Although some of the customers had problem with the sales executives as according to them they were not very knowledgeable and lacked the important information related to the cars and its key features. A few also complained that the sales consultant didn't have much idea about the key features and technology used by the competitor brand's car.
- The responses collected from the owners of the ford cars displayed that the delivery process, the condition of the car , and the after sales service of the car was excellent and that the people were extremely happy with the sales executive and how they proved to be very helpful during the whole of the delivery process .But some customers also had major issues after using their car on roads because the sales executive did not tell about the main features of the car and how to handle it in different situations and while driving the car on a sloop area.

- During the long conversations with a few old customers of Ford (more than 3 years) it also came to notice that the customers were not informed regarding the position of their car about as and when will they be receiving the car. Moreover they were not even provided with proper information about the schedules of the servicing of their car, the whole procedure, and the time that will be consumed during the whole procedure and various other details regarding it. But the new customers told that the servicing facility has improved a lot from the past and they don't encounter any problems during the process and the car is returned with all the parts and features properly working and in place.
- The overall rating of the Ford guest experience was good as per the people who are and are not the part of the huge Ford family and it shows that more than 70% of the people will recommend others to visit the Ford showroom.

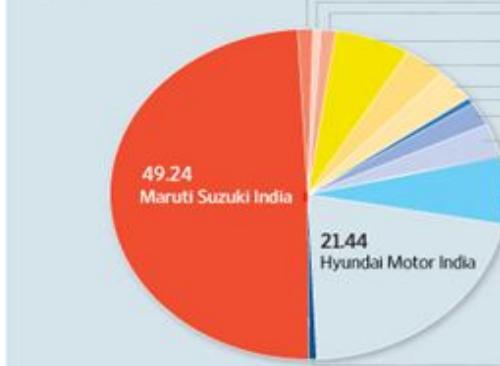
Altogether I can conclude that the consumer experience at the showrooms of FORD has been improved significantly and because of the greater emphasis being put up by the Ford Motors Company in its customer satisfaction strategies and consumer experience strategies with the introduction and implementation of the Ford Guest Experience. Earlier the people used to return from the showrooms capturing an inefficient sales staff and poor experience, but now they return with a satisfying experience from the company and staff altogether. They are not merely treated as another customer but rather they are now treated as a guest in the family who is cherished and celebrated at every step from the entrance into the showroom to the acquisition of the car and to its servicing and everything. Ford is trying to reach another level of brilliance and success by creating superb quality consumer experience for all its guests.



## STANDING OUT

Maruti Suzuki saw its share in the passenger car market increase to 49.24% in April-December from 43.85% in the year ago period.

Market share (in %)  
April-December 2013



1.24 Nissan Motor India

0.65 Renault India

1.19 SkodaAuto India

6.18 Tata Motors

3.46 Toyota Kirloskar Motor

3.18 Volkswagen India

0.6 Fiat India Automobiles

2.34 Ford India

3.16 General Motors India

0.14 Hindustan Motors

6.56 Honda Cars India

0.63 Mahindra & Mahindra

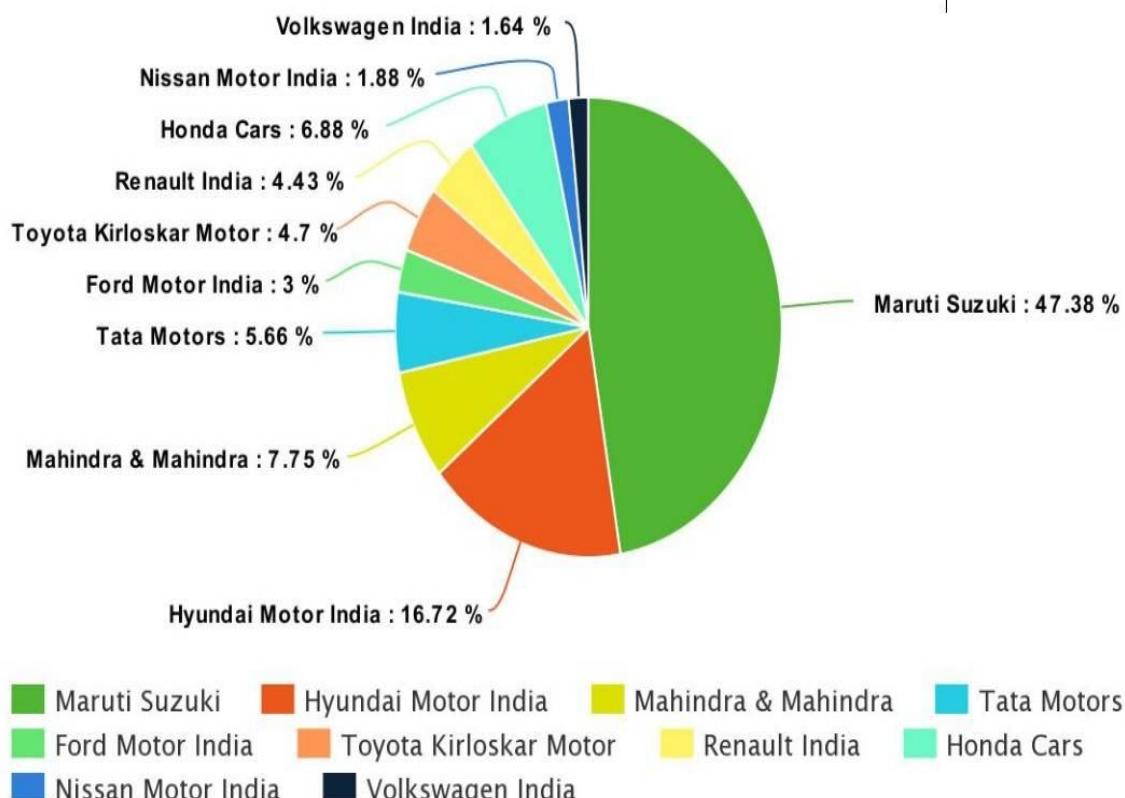
Source: Siam

# COMPETITIVE PROFILE MATRIX

COMPETITIVE PROFILE MATRIX (CPM)							
INDUSTRY INFORMATION		FORD		GENERAL MOTORS		DAIMLER CHRYSLER	
Critical success factor	Weights	Rating	Weighted Score	Rating	Weighted Score	Rating	Weighted Score
Global expansion	0.11	2	0.23	3	0.34	2	0.23
Financial position	0.09	3	0.25	4	0.35	3	0.25
Growth	0.13	2	0.27	3	0.38	1	0.15
US market share	0.15	4	0.45	3	0.70	2	0.5
Product quality	0.11	4	0.42	3	0.33	3	0.33
Customer loyalty	0.12	4	0.46	4	0.34	3	0.46
Model/Styles	0.09	3	0.28	4	0.35	4	0.28
Hybrid/Fuel efficient vehicles	0.14	2	0.45	2	0.29	3	0.27
Management experience	0.06	3	0.18	3	0.25	4	0.18
Total		1	2.99		3.33		2.65

Passenger vehicles market share: FY 2016-17

SIAM


  
From The Economic Times


## **SMART WAY TO MANAGE SCHOOLS WITH A CLOUD BASED ERP “RADICAL LOGIX”**

**Prof. Ramesh Kumar Bagla<sup>1</sup> and Swati Gupta<sup>2</sup>**

Professor<sup>1</sup> and Student<sup>2</sup> - MBA (M&S), Amity Business School, AUUP, Noida

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### **ABSTRACT**

*Enterprise Resource Planning (ERP) is an integrated set of software developed to share data across the organization for reducing redundant business processes. With enormous increase in business operations, managing the operations accurately has become a huge challenge for an organization. Information Technology plays a vital role in providing solutions to such problems. It automates the business processes accurately and helps in intelligent decision making which was not possible with the traditional information handling systems.*

*Introduction of ERP solutions in education domain is catching up fast. Many schools are installing ERP solutions to automate their schools' processes. Logix Infosystem has introduced an effective cloud based ERP solution for schools with the name Radical Logix. This case study has examined functionalities of Radical Logix and has presented the findings of a survey conducted to assess the satisfaction level of the schools with Radical Logix.*

**Keywords:** Cloud Based ERP Solutions for Schools, Customer Satisfaction, ERP in Schools, Logix Infosystem, Radical Logix

### **INTRODUCTION**

Enterprise Resource Planning (ERP) is business process management software that allows an organization to use a system of integrated applications to manage the business and automate many back office functions related to technology, services and human resources. Once an effective ERP solution is successfully implemented, significant benefits such as improved customer service, better production scheduling, and reduced manufacturing costs could be gained. The use of ERP solution has become increasingly common in a lot of today's businesses. It has helped in accessing the information accurately for effective management of the business enterprise. Educational institutions have also started using ERPs for smooth management of their processes.

### **ERP SOLUTIONS IN SCHOOLS**

In today's scenario schools are facing many challenges to manage the daily administration processes like data management, fees collection, timetable management, attendance management of both staff and students and declaration of results etc. Use of information technology has made it easier to manage these processes smoothly. Schools are modernizing the education system with cloud, mobile and digital technologies to improve operational efficiency and manage the institution effectively. It has become imperative that every school should have management software to increase efficiency and reduce time and effort.

School management software facilitates online control and management of various functions and processes. From almost anywhere a school can instantly access the details about any student through web connection. It has become an efficient tool for teachers in analyzing the student performance. Further it has benefited parents also as it helped them in tracking their child's performance throughout the year and can efficiently communicate with the teachers.

Many companies are building and selling cloud based school management ERP solutions for making school management easy. It provides help in each and every aspect of managing a school be it Admission, Transport, Examination, Library, Robust Time Table, HR & Payroll. etc. The whole purpose of this cloud based school management ERP solution is to record each information related to working of the schools such as registrations, payment details, planning time-table etc. It is a centralized system, which keeps, maintains and updates all the activities related to schools. It simplifies the complex business processes for taking active decisions and also facilitates in controlling all the activities of students as well as Employees.

School ERP solution provides a set of tools that enables school administration to smoothly run the institution. There are many advantages of a School ERP solution, such as:

1. It reduces the time and effort required to manage a school
2. It helps in accurately organizing school data.
3. It connects schools, students, and staff through web or mobile based applications.
4. It enables schools with excellent ways to systematically manage schools in multiple locations.
5. It is a simple and powerful solution that connects all departments and campuses in a single integrated platform.
6. It is a SaaS-based technology that provides scalability, customizations, and integrations to ensure that the schools are managed with the most advanced capabilities.
7. It is a web and mobile-based application which features a centralized data storage structure which helps administrators, students, teachers and parents.
8. It improves the quality of education; reach desired academic goals within specific time and cost perimeters.

## **LOGIX INFOSYSTEMS**

### **Beginning**

Logix Infosystems Pvt. Ltd. is a private company incorporated on 16 January 2014 by Mr. Vipul Khare and Mr. Arpit Jain. They started the company with a vision to provide business solutions to IT Industries but soon they realised a market which was untouched in the Educational domain. After an extensive research in this market; they analysed that there was a need of specific Education ERP for schools, colleges and other educational institutes. They started building a product which could manage the school's daily work efficiently. The first version of their product was completed in a time period of three months with a team of six developers. After successful implementation in their first client's school, they got focused and started designing advanced model of their product viz Radical Logix.

### **RISE OF LOGIX INFOSYSTEM**

Company has been involved in many IT related activities like IT Consulting, Social Media Marketing, development of ERP solutions and Mobile Application Development Solutions. Their consultative approach offers enterprise level engineering expertise in planning, defining and implementing various solutions, like, data management, business continuity, data protection, disaster recovery, assessments and implementation services. They have also been involved in many government projects.

Radical Logix is a customisable School Management Solution that automates all processes of a school. It works on a cloud based technology which connects school admin, parents, teachers, and students via one platform. It optimizes planning and decision making with the help of intelligent reporting system. It includes a number of modules for efficient management including Fee Management, Online Portals, Student Information System, Transport and Library Management, Certificate Generation, etc.

The company serves more than 300 schools with a team of 18 developers across India. Some of their premium schools include:

1. Delhi Public School (Harni, Vadodara)
2. Delhi Public School (Bharuch, Gujarat)
3. Delhi Public School (Kamrup, Guwahati)
4. Anand Cambridge School (Greater Noida)
5. St Andrews Public School (Agra)
6. Milton School (Agra)
7. Avalon World School (Waghodia, Vadodara)
8. Priyanka Modern School (Bijnor)

9. Roots International School (Bijnor)
10. Milestone Academy (Bhilai, Chhattisgarh)
11. St Anne's School (Dehradun)
12. Delhi Public School (Kamrup, Guwahati)
13. Surevin International School (Modinagar, Uttar Pradesh)
14. The Wisdom Global School( Haridwar)
15. Raza Girls International School (Patna)
16. Golden Gate Global School (Moradabad) & Many More.

### **SERVICES OFFERED**

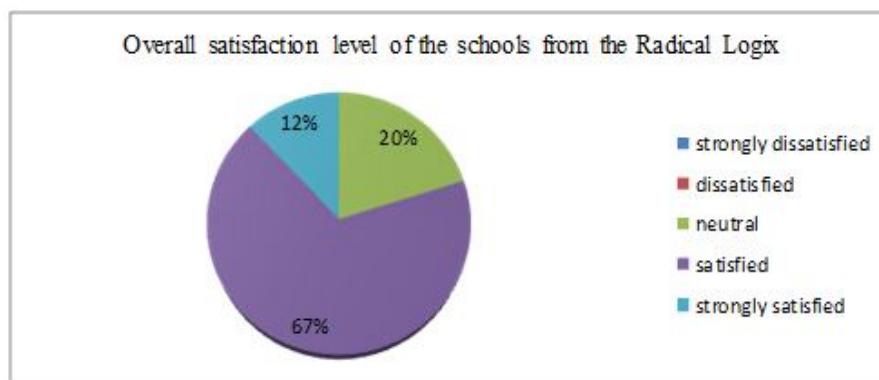
Logix Infosystem Pvt.Ltd. invests its talent, time and resources to develop capabilities that will sets it apart from the competitors. They combine a solid business processes with deep industry knowledge and implement it with rigor. They provide their Beta release of the product free of cost to their loyal customers. They provide better Training Sessions to the school with regard to the use of Radical Logix. Their Consulting gives IT leaders' tailor-made practical solutions to address the vital business challenges. Their Services help clients to assess various technologies, strategies and procedures to align the network schemes with the business process. Their IT services are tailored to support client's' initiatives by providing multidimensional planning and systematic implementation of the networks.

### **ADAPTING TOCHANGES**

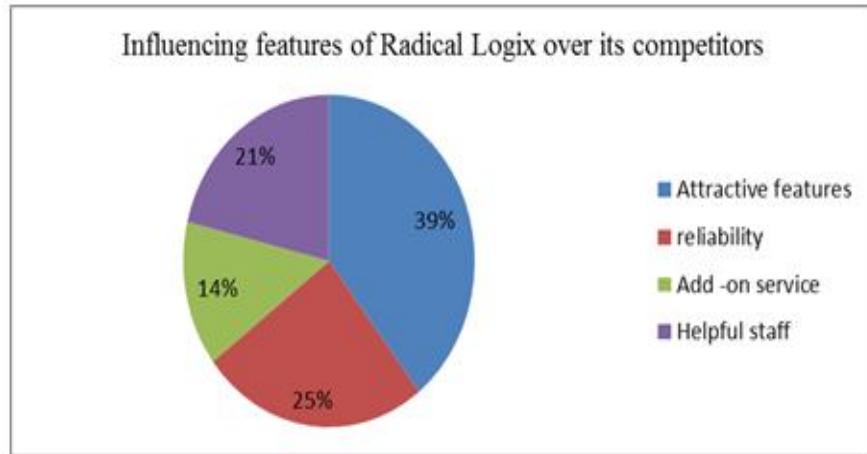
In any company, the most valuable assets are the customers. They are the resource that brings out the success of a business. In today's scenario product features and prices are no longer major product differentiators; it is the customer satisfaction that marks the difference. For a company to survive in the market, satisfaction of its customers is most important. Some of the reasons that make customer satisfaction a critical metric in any business organization are:

- Customers are more likely to personally recommend a company if they are satisfied with the service.
- Companies spend less in keeping current customers than to acquire new ones
- Customer satisfaction leads to more loyal customers.
- It helps in building the relation between a satisfied customer and the possibility of doing repeat business is huge.

Radical Logix is a successful and popular ERP solution among the schools. It has helped many schools in automating their daily work. Customer satisfaction at any cost is the motto of Logix Infosystem Pvt.Ltd. As per the survey to study satisfaction level of Radical Logix's customers, 67 percent of the customers felt that Radical Logix had met their expectations and they are satisfied with its features. (Figure1)



Another finding of the research is that majority of schools feel that Radical Logix provides differentiating features over its competitors. As a result it has provided many benefits to the administrative staff, teachers, students and parents.



### **CHALLENGING TIMES**

Radical Logix has been successful in creating its brand value in school ERP solution market. They have come across many challenges during their growth. One of the major problems they faced during the product promotion was the User Behavior. They found that in India it was very difficult to change the mindset of the customers. In Education Domain it was difficult to make schools realize that the use of technology could make their managing process efficient.

In order to convince the schools regarding automating their school management; the company should focus on their product promotion. They should provide technology friendly solutions to different schools. The developers should integrate more customized modules in the product to meet their existing customers specific needs. The company could launch its product FREEMIUM MODEL for their prospective customers. Through this approach they would be able to convert their prospects into customers.

The FREEMIUM MODEL could include some of their basic modules; for example Student's Information Module, Attendance Management Module, Time Table Scheduling Module and Students' Performance Analysis Module. Provision of limited time period subscription of the Freemium version of Radical Logix, would help schools in building trust in the services of Radical Logix. Further it would make it easier for the company to influence the schools perception about automating their school management process.

### **DISCUSSION QUESTIONS**

1. Why are cloud based ERP solutions more desirable than the traditional school managing system?
2. How Radical Logix helps in School Management?
3. Discuss the challenges Radical Logix is facing.
4. Suggest ways to Radical Logix to meet their challenges.

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## **Part - 2**

# **Finance Management**

## PERCEPTION OF INVESTORS TOWARDS DERIVATIVE MARKET

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### ABSTRACT

The development of market for derivative products, most outstandingly forward, futures and options can be followed back to the readiness risk averse economic agents to monitor against themselves against instabilities emerging out of fluctuations in asset price. Derivatives are risk management instrument, which derive their value from underlying asset. Hedgers, speculators and arbitragers are three broad categories of participants in Derivative market. Price in an organised derivative market, advertise mirror the impression about the market members about the lead cost of the fundamental to the apparent future level. As of late the Derivative market have picked up significance as far as their crucial part in the economy. The expanding interest in the stock (residential and in addition abroad) have pulled me an enthusiasm for this region. Numerous studies on the effects of futures and option listing on the underlying cash market volatility have been done in the derivative market. The derivative market is recently begun in India and it is not known by each financial specialist, so SEBI needs to find a way to make awareness among the financial specialist about the derivative market. In the cash market the profit or loss of the investor depends upon the market price of the underlying asset. The investor may incur huge profits or he may incur huge losses. But in case of Derivative market, the investor enjoys huge profits with limited downside risks. Derivatives are mostly used for hedging purpose. Keeping in mind the end goal to expand the Derivative market in India, SEBI should update some of their directions like contract size, cooperation of FII in the Derivative Market. In a nutshell the study throws a light on the Derivative Market.

**Keywords:** Derivatives, Futures, Hedgers, Options and Speculators.

### INTRODUCTION

The financial service sector is the prevailing division in India's GDP, as well as pulled in the noteworthy foreign investment flows, contributed altogether in trade and additionally gave substantial scale business. India's service sector covers a wide assortment of activities, for examples trade, inn, eateries, transport, stockpiling and correspondence, financing, insurance, real estate and business services.

The financial service sector is the key driver of India's financial development. The division contributed significantly to the Gross Value Added development in the previous financial year, accordingly turning into an imperative foreign exchange earner and most appealing segment for FDI (Foreign Direct Investment) inflows. According to the Central Statistics Office (CSO), the service sector developed at nominal rate in the previous year.

Out of service sector segment, sub segment involving financial services, real estate and professional services contributed humongously to the GDP. The sub-area of community, social and personal services contributed substantially to the GDP.

India's economic development is solely dependent upon financial system. In fact, the economic growth of any nation in the long and short run depends upon the financial system and its efficiency.

Investments are considered to be the core of the financial structure and it also a pre-condition to the economic growth. As far creating job opportunities and tax revenues are concerned financial services sector contributes the most. The Government of India has also undertaken many reformative steps to boost the financial service sector. The results of which are most likely to be seen in the coming years.

Derivatives are financial instruments that derive their value from the underlying asset. The underlying asset may be anything it may be a stock, it may any commodity etc. Derivatives are of four types- forwards, futures, options and swaps. Forward are personal contacts between two parties entered today to be executed at a future date and at a price determined today. These contracts are not exchange traded. Forward contracts involve high counter party risks. Investors enter into forward contracts for hedging or speculation purpose.

Future contracts are similar to the forward contracts. However, futures contracts are exchange traded and more standardized as compared to the forward contracts. Futures contract involve no counter party risks. Unlike the forward contracts increasing time to expiration does not increase the counterparty risks. Since these contacts are exchange traded it is highly liquid i.e. it can be easily brought and sold in the derivative market. In case of options the holder enjoys the right but not an obligation to buy or sell an underlying asset at a stated time and at a stated price. Options can be classified into types- call option and put option. Call option gives the holder the right to buy the asset at a particular price and at a specified date which is fixed today. In case of put option, the holder gets the right to sell the asset at a particular and a particular date that is fixed today. In both the cases i.e. call and put options there are writers. The writer is the other party to the contract. In case of call option, the writer undertakes to sell the asset at a particular price and a particular date, fixed today. In case of put option, the writer undertakes to buy the asset at a particular price and a particular date, fixed today. The holder option has to pay premium for enjoying rights whereas writer receives premium for undertaking risks. The holder enjoys unlimited profits with limited downside risks whereas the writer enjoys limited profits with unlimited downside risks.

Options can also be classified on the basis of exercise- American option and European option. American option can be exercised before maturity whereas the European option can be exercised only on maturity. American type of options is available on individual securities at NSE whereas European type of options are available on index options at NSE.

There are three types of market participants- Hedgers, Speculators and Arbitragers. All of them have an equal and important role in derivative market. Hedgers are the market participants who enter into derivative contracts in order to hedge themselves against market variables like stock prices, bond prices, interest rates, commodity prices etc. Speculators are the market participants who undertake derivative transactions for speculative purposes. In other words, they try to predict the future price movements of the underlying asset and accordingly undertake positions in the derivative contract. Arbitragers are the market participants who undertake derivative transactions in order to exploit the difference in the prices in two different markets. In other words, he / she buys the underlying asset at a low price in one market and sells the same asset at a higher price in the other market. However, this may not continue for long as most arbitragers would rush to exploit profit thereby closing the price gap.

Arbitrage gives an opportunity to the market participants to earn riskless profit. However, in real life situations derivative contacts are mostly entered into for hedging purposes.

Derivative is a very important instrument in the market as it helps to improve price discovery based on actual valuations and expectations. Derivatives helps to transfer the risk those investors who are willing to undertake risks i.e. people who have a good risk appetite from those who are unwilling to undertake risks i.e. people who have low risk appetite.

## **BACKGROUND**

Trustline Securities Ltd was set up in 1989. It was some time ago known as K&A Securities Private Limited. It began as a little stock broking organisation and got changed into a public limited company. With the rise of Indian money related market, Trustline went into giving different financial services. The organisation offers an extensive variety of money related administrations to the clients to meet their budgetary necessities. The organization offers services online and additionally offline.

The organisation gives services to more than one lakh fulfilled customers with a group of more than 500 workers in 400 workplaces. It deals in financial markets, insurance, real estate and wealth management.

The company claims and deals with the site called [www.trustline.in](http://www.trustline.in) which is one of the leading destinations for equity, commodity and real estate.

Trustline Securities Limited has five group companies: First, Trustline Commodities Private Limited- This organisations provides an opportunity to the clients to deal in Multi Commodity Exchange (MCX) and National Commodity Derivatives Exchange (NCDEX). In MCX, clients deal in copper, gold, silver and other precious metals. In NCDEX, clients deal in various agricultural products like jhawar, bhajra, dhaniya etc. Second, Trustline Finvest Ltd- The company commenced its operation in the year 2010. It provides wealth

management solutions to the people. Third, Trustline Insurance Brokers Private Ltd- The organization started its operation in the year 2008. The company provides insurance services to its clients.

Fourth, Trustline Real Estate Pvt Ltd- The organization helps the customers to find the right deal in property. This organization encourages them to pick the best property as per their prerequisite and spending plan. Fifth, Trustline Academy (The Investment School)- The school imparts to its students regarding investment, share market, derivative market and to trading in stock market.

Trustline Securities Limited has been successful in creating a strong brand value among the individual and retail investors all over India. The company has been successful in creating a strong brand value because of the high quality research and advice that it offers to its clients. This has enabled the clients to execute profitable transactions and earn double profits. The company also uses its brand value to attract clients that are mainly retail and institutional investors.

The turnover of the company has increased substantially from the previous financial year. In the coming years the company plans to expand its business in states where they have no presence like Jammu & Kashmir, Gujarat and southern India. The revenue model of the

company is competitive in nature i.e. in accordance with its close competitors like Zerodha, Angel Broking, Motilal Oswal to name a few.

The company has intrinsic values. It encourages team work among its employees so that they can work together to achieve common organizational goals. It also encourages its employees to remain passionate and work on ethical ground and also to always remain on toes so as to serve its clients. The company works with the objective to build trust among the customers so that they can provide financial services with the purpose for creating wealth for the clients. It also tries to build friendly environment by continuously encouraging, motivating its employees and developing them to build an interconnected team which is very much necessary for the success of any organisation.

Trustline Securities has not received any funding from the outsider as revealed by non-current liabilities head in equity & liabilities section in the company's balance sheet. Since the company does not have to pay to any organisation it enjoys high liquidity. Trustline Securities Ltd does not undertake corporate social responsibility activities. The company is also not bound to do corporate social responsibility activities as it does not satisfy even one of the conditions mentioned in the Companies Act 2013 i.e. neither its net worth nor its turnover nor net profit meets the mentioned limits.

Transactions fees in the financial services have become costlier after Goods & Services Tax (GST) have been implemented by the Government of India. However, this is expected not to affect the number of transactions in the stock market especially in the derivative segment as an investor enjoys unlimited profits with limited downside risks in the derivative market.

There are many reasons for Trustline Securities Ltd to remain successful for so many years and successfully increasing and retaining its market share. The company believes in building healthy relations with clients and takes advantage of its investment platforms in offering equity and other capital market services. The company has set up its own research team or department which continuously undertakes research activities, so that it can offer daily research tips to its clients. The company has also tightened its position in derivative segment which was responsible for large turnovers.

The company has planned various strategies to remain successful in the domain sector they are working. It has planned to increase its distribution network to have presence not only in tier I and tier II cities but also in tier III cities. This would help the company in lowering average cost and thereby increasing its profit margins. The company also plans to offer more and more wealth management solutions to its retail clients and institutional clients.

Trustline Securities Ltd follows democratic leadership model. Therefore, in Trustline the company offers opportunities to the subordinates to take active participation in the decision making process. However, the managing director holds the final responsibility and it is he who determines work projects. This has enabled

the company to encourage competency, courage, creativity, intelligence, fairness and honesty among its employees.

### **PROBLEM STATEMENT**

This study has been done in order to analyse the derivative market in India. In other words, whether the age of the investor and purpose for investing in the derivative market are related, whether the income per annum the investors earn and the derivative instruments they deal in are related or not related, whether the income per annum that the investors earn and the percentage of their monthly income available for investment in the derivative market are related or not related. This study has also been done in order to study the level of awareness of the investors regarding various derivative instruments like stock futures, stock options, commodity futures and commodity options. Perception of the investors when they invest in the derivative market i.e. whether for speculation purpose or for hedging purpose or for arbitrage or for other purposes has also been the area of study. Number of times the investor deal in the derivative market and whether they are satisfied with returns from their investment in the derivative market has also been the focus of the study. This study has also been done in order to analyse the perception of the investors regarding derivative market on the basis of various parameters like complexity, volatility, risk associated, return on investment and liquidity. Satisfaction level of the customers from the services of the broker has also been studied.

### **SUGGESTED SOLUTIONS / OUTCOMES**

The responses received from investors reveal that majority of the investors in the derivative market are male and they fall under the age category of 35-45 years. They are self-employed and have an annual income of less than 7 lakh rupees. Majority of the respondents (investors) invest in stock futures. Investors have moderate awareness about stock futures and stock options whereas have high awareness about commodity futures and commodity options. Most of the investors invest less than 10% of their monthly income in the derivative market and they invest in the derivative market for arbitrage purposes. They invest 3 times in a month in the derivative market and they are satisfied with the return that they get from their investment in derivative market. Most of the investors perceive derivative market to be moderate volatile, moderate liquid, moderate complex whereas they consider return on the investment and risks associated with the derivative market to be high. Majority of investors are satisfied with the services provided by their broker.

The study revealed that there is relationship between the age of the investor and the purpose for which they invest in the derivative market; income that an individual investor earns and the percentage of their monthly income that is available for investment. Analyses also revealed that there is no relationship between income of the investor and the type of derivative instrument they deal in.

Results also showed that the mean income of the investors is significantly different from the mean of gender of investors. Study also revealed that there is a strong positive correlation between satisfaction perceived by the investor from the return on investment and satisfaction perceived from the services of the broker. On the other hand, low positive correlation exists between age of the investor and the type of derivative market they invest in; occupation of the investor and the purpose for investing in the derivative market. Moderate positive correlation exists between income per annum of the investor and the type of derivative market they invest in; age of the investor and income per annum of the investor.

Study revealed that the derivative market has grown tremendously since its inception in 2000-01 to 2016-17.

### **IMPLICATIONS OF THE CASE STUDY**

Derivative market is an innovation to the cash market. It provides an opportunity to the investor to earn riskless profit. At present the turnover of the derivative market is almost equal to the cash market. The profit or loss of an investor in cash market depends upon the selling price and the purchasing price. In other words, the profit/loss of the investor depends upon the value of the underlying asset. The investor can earn huge profits or incur huge losses in cash market. But in case of derivative market the investor just has to pay a margin or premium. Moreover, the investors enjoy unlimited profits with limited downside risks.

Derivative market is mostly used by the investor for hedging purpose. In case of bullish market there is more probability of option writer to incur losses, so he/she is encouraged to go for a call option to hold. On the hand, the put option holder is likely to suffer losses in case of bullish market so he is advised to write a

put option. In case of bearish market there is more probability of an option holder to incur losses so he is advised to go for call option to write. Whereas, in case of bearish market the put option writer is more likely to suffer losses so he/she is advised to hold put option. Derivative market was introduced in 2000-01. So, most of the investors are unaware of the market so SEBI as well as the brokers all over India should take measures to create an awareness among the public in general and investors in specific to invest in the derivative market.

Trustline Securities Ltd undertook various seminars in various locations in order to educate the investors about the existence of derivative market, returns that an investor can earn from the derivative market, risks associated with the derivative market and encouraged them to start trading in the derivative market.

## GLOBAL SERVICE MANAGEMENT CENTRE AT ACCENTURE

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Today's large, global companies face an ever-growing need for talented resources to manage their increasingly complex global services delivery organizations. Accenture is one of the leading multinational companies in the management consulting and outsourcing sector. Services in - Media & Technology, Communications, Financial Services, Products, Resources, Health and Global Resources. Many big global companies are clients to Accenture. One of such Client outsourced its network fault management services to Accenture. The practice of delivering IT services and support to the customers using people, processes and technology is known as IT Service Management and is governed by the IT Infrastructure Library. It is adopted by many organizations to align their IT services with their on-going business goals [See Exhibit 1].

The Project CFM (Customer Fault Management) started off in August 2012 and is currently known as GSMC (Global Service Management Centre). Client X outsourced its fault management services to Accenture. Now, Accenture has the responsibility to manage the leased line or network services provided to the client's customers, to manage and correct the faults in network links and provide speedy recoveries from downtime to the customers.

This project entails a B2B process. The customers comprise of all the small, medium or large businesses all over the world, which use the client's services to manage the continuity of their own business processes. They are divided into three segments – Global Customers, Big businesses in India or Enterprise Global Customers and, Small and Medium Businesses in India (SMBs/Channel). Each segment is handled by a different segment within the project. A '24 x 7' all day all night fault management ongoing process ensures that customers are never in crisis and their services are restored as soon as possible.

This IT Service Management Project focusses on Continual Service Improvement (CSI). Daily reports are extracted and data is analyzed in order to review various parameters like FUC (First Update to Customer), SUC (Subsequent Updates), FLT Steps, Assignment to Factory, Downtime, Uptime , Engineer Performance and other Key Performance Areas. Reports help in evaluating the current performance and determining the lacking areas so necessary steps may be taken for further improvement.

The main objectives of the project are to – Reduce customer downtime and provide them speedy recoveries from faults, and to maintain quality in Key Performance Areas.

The project is headed by the **Managing Director**. The middle level **Senior Managers** report to the MD. The Senior Managers lead the **Operations Managers (OM)** and other Functional Teams. There are 5 OM's in function. **GB Manager** handles Global Customer Segment, **EGB Manager** handles big enterprise customers in India, **SMB manager** handles small & medium business customers in India, **L1 manager** supervises the Email and Voice Team and, another **RF Manager** manages all the RF related cases. There is a Central Team known as **PMO (Project Management and Operations)** which monitors the tasks of all the different processes, do analysis and make performance and productivity reports which are circulated to the respective Team heads and management authorities.

Engineers work in the lower level, they perform all the operational activities and have direct contact with customers and their problems. Engineers are grouped into Teams. Every team will have 8 to 10 engineers and will be assigned a Team Leader (TL) who controls and supervises the work of engineers. A TL is responsible for communicating team performance to higher levels. All TLs and SMEs (Subject Matter Experts) report to their respective Operations Manager. SMEs are individuals who are experts in their domain. They have a deep understanding of a particular process, product, function or technology and are consulted by others.

Other functional teams include **QMT (Quality Management Team)** which is responsible for auditing a few KPIs and quality parameters defined for the project, **MIS (Management Information System)** responsible for processing and managing information through many soft-wares & databases and support managerial

decisions, **Human Resource Training Team** which indulges in providing necessary training (activities and sessions) for new joiners as well as existing employees, and also **Incident Management (IM) Team** responsible for restoration of services outages due to incidents as quickly as possible and keep the customers informed and updated about the information towards restoration work outage and **Change Management (CM) Team** which deals with reviewing, authorizing, planning and scheduling the activities for change at customer's side.

Customers report the problems in their network connections or any requests via E-mail, Voice calls, IVR (Interactive Voice Response) or Web. Along with the complaint/request, customers need to share their circuit ID/link ID and contact number. Circuit ID is a unique 7 digit number which is different for every other link/circuit. It basically uniquely identifies all the links/circuits provided by the client to customers, all over the world. And contact number is required for contacting the customer for troubleshooting or for sharing updates.

There are broadly four kinds of Case Types to be solved by Engineers which are – Complaint, Request, Pro-active and Query. Complaint cases include problems like Link Down, Packet Drops, Slow Browsing Speed, Link Flapping, Latency Issues, Link Fluctuation, Poor Connectivity, Bandwidth Choke etc. Request Cases include Account Management (for billing details), Churn Related (for disconnection) etc., Query cases can be those asking for Reason for Outage (RFO related) and Pro-active cases are those which are already known and work has been started for restoring the services.

For any of the above case type, when a complaint or request is made by a customer, via any channel, a ticket/Service Request (SR) is raised by the L1 team Engineers at Accenture. The Oracle's e-CRM tool is used to store and manage customer information. Using the circuit ID, customer's info and previous records are extracted. The new problem type, sub-problem, summary of problem, severity, customer's name and contact are stored and a new ticket is generated. The ticket, identified uniquely by an 8 digit number, is also shared back with the customer for tracking purpose.

The tickets raised by L1 team are assigned to L2 team for further troubleshooting and resolving the problem. The new tickets fall into e-crm bucket and are assigned to different engineers by their TLs. Using the ticket number, members in L2 team check the status of the corresponding circuit and perform basic troubleshooting steps. They also contact the customer to understand their problem and to ask for any other required details (e.g. MODEM indications, address of site etc.). Call to customer is very important as without talking to customer troubleshooting cannot be performed. Also it helps in proper understanding of customer problem. The L2 Team may further, if required, pass the ticket on to other factories of Client for resolution purpose (E.g., if any field engineer is required to go to site for checking). The process flow in the project is described briefly in the Exhibit 2.

E-crm ticket bucket displays the tickets highlighted in different colors for better understanding for engineers. A ticket highlighted with green color states that the ticket is going within SLA, purple color indicates that updates need to be sent to the customers and Blue color indicates that the ticket is still not assigned to anyone. This feature helps engineers to keep track on the tickets allotted to them. Customers are to be regularly updated about the steps being taken to solve their problem. They are informed about the FE (Field Engineer) who will be reaching at the site, at what time he will be reaching, what faults are found, how much time will be taken to restore the connection etc. The ETA (Earliest Time to arrive for engineer) and ETR (Earliest Time to Resolve) must also be shared with customer.

After the work has been done and the network link seems to be connected from our side, the customer is contacted for confirmation and the status of the ticket stands closed and SR is resolved. But link up is not enough. Proper **Reason for Outage** (RFO) must be sent to customer after ticket is resolved. RFO Compliance is an important quality factor. It should be in sync with the **Fault Found Code** (FFC) and **Resolution Code** (RC) marked with the case. RFO must be sent within 12 hours of SR Resolution. When customers do not receive updates on time or when their connections are not restored within the stipulated time duration (SLA), they have the option to escalate their case to higher authorities/managers so that their link restoration is done on priority and gets resolved as early as possible. For example, for complaint cases

SLA is 4 hours. So if this SLA is breached, after every one hour, customers can escalate up their case to higher levels. The first level is of Shift Managers, Second is of Operations Head and so on.

#### **THE FOLLOWING KPI'S ARE REGULARLY EXAMINED AND EVALUATED FOR PERFORMANCE AND IMPROVEMENTS**

1. **SLA (Service Level Agreement)** – the maximum duration within which cases must be resolved. Breach in SLA may result in penalty from the client to Accenture.
2. **MTTR (Mean Time to Resolve) -**
3. **NFF (No Fault Found)** – No fault found cases should be as less as possible. And for every NFF case, proper logs must be attached.
4. **RFO Compliance** – RFO must be sent to customers within 12 hours of SR resolved and it should be in sync with FFC and RC codes.
5. **Repeat count** - Repeated SRs for same links should be minimum.
6. **Customer attribution** – Attribution of faults to customer end should also be minimum.

On an average, around 12% of the Outside SLA cases are attributed to NFF. 25% attributed to Customer and around 40% of the total SRs attributed to customer end out of which around 30% involved field visits which were not really required.

Daily tracking of random outside SLA cases reveals the quality maintained by engineers. In many cases, Customer was not contacted during FLT, Acknowledgement mail was not sent, FUC not sent within 1 hour of FLT, missing SUCs every hour or vague, insignificant updates, media logs not attached, RFO was not sent within time or improper RFO was mailed.

#### **CONCLUSION**

Accenture has an effective and efficient model for service monitoring with innate ability of providing rapid response and support. The use of software tools and efficient coordination between the teams increases the efficiency of workforce to resolve issues and helps the customer by proving better services. Service monitoring can be improved by implementation of the following changes.

GSMC catalyzes speed of fault rectification due to its organized structure but the response time can be decreased more if Automation takes place in Email Team. Automatic ticket generation and acknowledgement mail to customer will help more in reducing the ETR durations and enhance the quality standards and customer satisfaction, which will in turn increase client satisfaction.

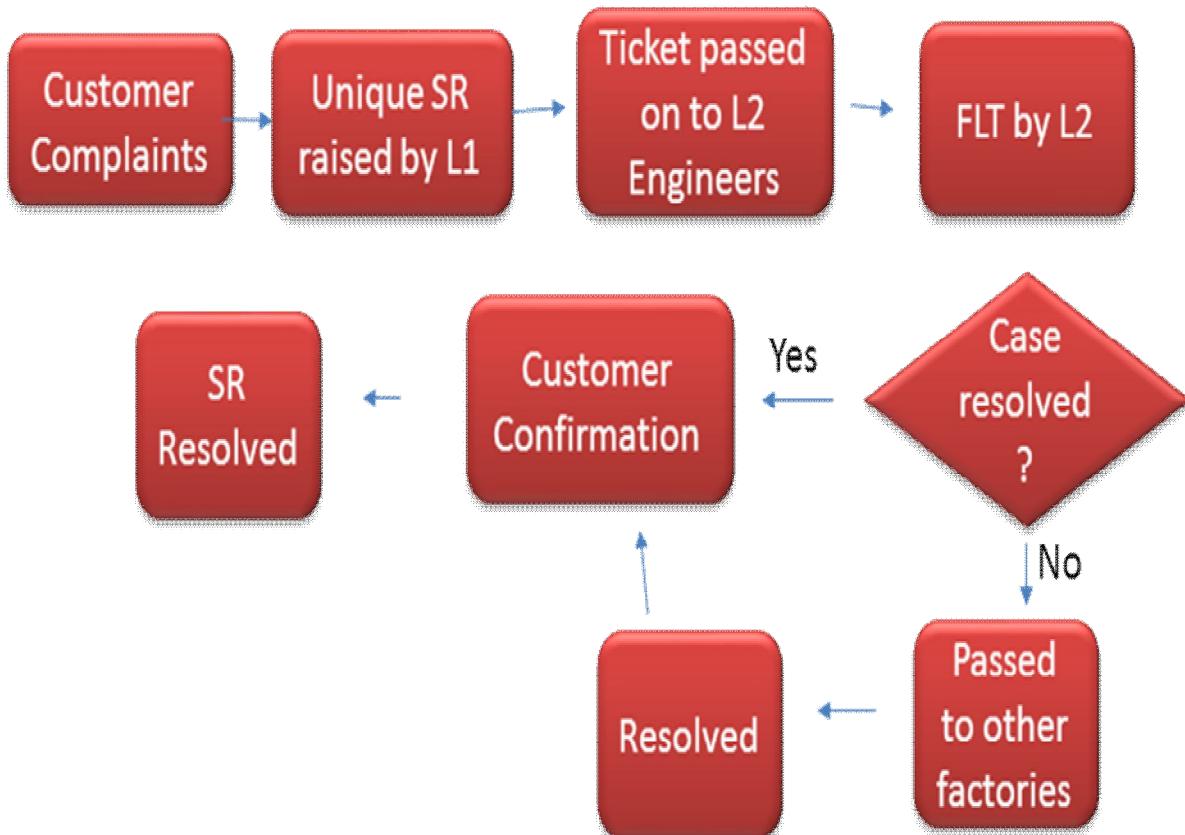
In many cases the issues are at customer end. In such an event, customer was found to be technologically incompetent to understand the root cause for trouble or he may be unaware about the nature of connection, modem, routers, firewalls and devices at his end due to which he may not be able provide correct information to the executive. For example, many cases of latency come due to over utilization of bandwidth. In such cases customer doesn't want to know reason for latency and wants field engineer to be assigned and refuses cooperation with L1 and L2 team. In such cases the team has no choice but to send router logs and MRTG graph to customer which increases burden on the teams and decreases there efficiency to resolve genuine issues. A system should be devised which sends customer a notification about overutilization and MRTG graph via email automatically in case of overutilization .Such a system will monitor every system's bandwidth usage. Also, in many cases customer is unable to understand the router logs or is not able to provide modem indications. A dedicated user manual should be provided to customers, so he can understand the entire process, the type of service and devices involved. By this, customer will be able to inform executives about the issue he is facing which will result in effective diagnoses and much faster resolution time.

Exhibit 1



The ITIL Framework depicting the 5 stages of ITSM service lifecycle

Exhibit 2



Process Flow in GSMC

## **FINANCIAL AID PROVIDED BY THE BANK TO THE CUSTOMERS**

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### **ABSTRACT**

*In this case study, there is a contextual investigation on a ICICI Bank from the part of the terms structure of the banks verifiable advance misfortunes and the credit obligations, quality rating network utilized by the bank. The fundamental measurable examination of the credit misfortunes that depends on the banks interior advance quality rating framework is presented in the Economy.*

### **INTRODUCTION**

Housing Finance being one in all the foremost secure lending avenues that has given rise to a number of the new players within the market .Home Loans may be simply out there and accessible of the purchasers has conjointly exaggerated as there area unit varied Housing Finance units are established within the Market, with extreme group action in Housing fund industry; the organizations area unit transportation out all stops to draw the potential purchasers.

In 2015 the Prime Minister has implemented a special scheme for the various economic classes which provided affordable housing to all by the year 2022. The scheme is known as Pradhan Mantri Awas Yojna (PMAY). The scope of PMAY was widened in 2017 with the introduction of CLSS that offers interest subvention on home loans taken by eligible citizens for buying or constructing the house. Considering opportunity provided by the Prime Minister every bank in the Economy was given a set target to complete by the end of the financial year. ICICI Bank is expected to complete the target by the mid of second quarter of the Financial year. On the official website they try to generate awareness about the scheme to educate customer about the scheme they can even apply online on the portal under this scheme.

### **OVERVIEW/ANALYSIS**

ICICI Banks main competitors in the Industry are State Bank of India and HDFC Bank. Both the bank has higher customer preferences in the economy. The major issue faced by the Bank was the eligibility criteria differs in every segment. The slabs provided by the government for the scheme are not applicable to all the applicant of Home Loans, moreover, State Bank of India has larger approach to the customer. But it has not been able to achieve the target yet, HDFC bank has achieved half of its target and rest of the competitors in the Economy are trying their best to complete the target provided to them by the government.

Looking at the market scenario a Mr Mehta has applied for Loan In ICICI Bank and he is Eligible under the scheme of PMAY, he is working in Private Sector Employees and had a combined income of 11 lakhs per annum. He already has a Personal Loan from other bank and they are using credit card facility as well from the same bank on which they over extended the limit. After carefully acknowledging their current financial statement (Bank statement and required documents for the loan) the Bank identified a monetary trouble yet uncertain what to do about it, they went by their bank. He disclosed his circumstance to the loaning officer, who revealed to them the bank could give them a solidification advance to cover all their current obligations.

After some time, Mr Mehta again discovered that he were not able to keep inside as far as possible. The bank's loaning officer provided them another solidification advance for him, to cover the overdraft obligation.

Due to this problem the Bank was unable to provide them loan under PMAY scheme. As he was already in three credit obligation which they were not able to monitor properly.

### **STATUS REPORT**

The bank's underlying offer of a combination credit has been useful, as it re-financed Mr Mehta's current obligations into one lower-rate advance. Now, the advance had been moderate.

Be that as it may, we were worried about the bank's reaction when the Mr Mehta returned to examine their proceeding with budgetary troubles. The bank had translated the approach as a demand to acquire more cash.

In any case, as the His declaration clarified, what he was truly searching for a direction on how best to get themselves out of obligation.

Mr. Mehta believed that taking a further credit must be the most ideal method for handling the circumstance, since it had been proposed by the bank. It hadn't jumped out at the Mr Mehta to look for exhortation from any other person on different methods for managing their difficulty.

In our view, the bank ought to have made it much clearer that it was not in a position to exhort the Mr Mehta about their obligations. Under the Managing an account Code, it ought to likewise have made them mindful of associations that could offer obligation counsel, for nothing out of pocket.

We were especially worried about the bank's activities in giving additional funds to Mr. Mehta irrespective of his account statement. It ought to have been flawlessly certain from the bank's information of his wage and outgoings that he couldn't bear the cost of the reimbursements for this further advance.

Mr Mehta promptly concurred that he should bear some obligation regarding their acquiring. He could settle the question by getting the bank's consent to: diminish the His obligation to the borrowed amount which is to deduct Rs 10000, in acknowledgment of the trouble and burden caused by its poor reaction to Mr Mehta ask for guidance discount any bank charges caused by the strain of advance reimbursements and acknowledge reimbursement of Mr Mehta outstanding obligation in moderate portions.

### **QUESTIONS**

1. Is it appropriate for the Bank to provide funds to the customer who is unable to repay his credit obligations?
2. If the applicant is eligible under the scheme, can there be other ways it can be availed by the customer in the same scenario?

## PORTRFOLIO MANAGEMENT SYSTEM AT SMC GLOBAL SECURITIES LTD

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### ABSTRACT

*Investment is a concept which comes under both the disciplines of Art and Science. Every Individual has specific need of money and desire in light of their capability of taking risk, though a few needs and desire are all inclusive. In this way, we find that Stock Market changes moment by moment. With a specific end goal to guard the Investor from showcase variance and turn them productive, Portfolio Management Services (PMS) is an Investment Option facilitating the High Net Worth Individual (HNI) quickly making a but then it is still at an extremely starting stage.*

*As to the knowledge of securities and exchange body of India (SEBI), "portfolio" refers to the cluster of securities having a place with any individual. Over a time of 25 years this developed decently effectively and gave financial specialists a decent return.*

*Portfolio management have added to the Indian development as well as helped families take advantage of the achievement of Indian Industry. As data and knowledge is rising, an ever increasing number of individuals are getting a charge out of the advantages of investing in portfolio. The number of investors in portfolio stays little in India because they do not know that portfolio management existence. But if awareness will prevail in market it will surely increase investor.*

*Portfolio management and security analysis are two fields in investment. The centre of security analysis is valuation of financial assets. Motivating force in this way is the limit of return and risk. These two thoughts are in the train of investment. Investment can be described the investment of assets to no less than one assets that will be held over for some future period.*

*In the current scenario PMS is required world is developing quickly and numerous open doors are accessible, so to move with the progressions happening and to get the best open doors in the investment field a reserve director is important. Also, as it provides with constant review of diversified assets present in a portfolio can be appreciate or depreciate over a period of time. This result in skewedness of the investments thus necessary to review the assets.*

*As the financial related objectives are various, the investment decisions likewise should be diverse to address those issues. No single investment is probably going to address every one of the issues, so one should keep certain cash in banks and assets to meet any pressing requirement for money and to keep the leftover in other various investment schemes which would lead to increase of returns and would also limit the risk. Asset allocation changes likewise with respect to risk-return results.*

*In this way, in the present situation the Portfolio Management Services (PMS) is increasing immense significance as an investment elective for the High Net Worth Investors.*

*Investment portfolio in stocks, obligation, composed things, cash and other individual securities, regulated by a specialist money boss that can possibly be uniquely fitted to meet specific investment objectives is known as Portfolio Management Services (PMS).*

*When assets are placed into PMS, it consists of solitary securities and along with claim of the entire hold and not in the slightest some degree of holding of a security like a mutual fund investor. Portfolio Fund investor has an open door and versatility to tailor their portfolio to address singular slants and financial targets. Despite the way that portfolio manager may administer a few portfolios, the investor's record may be stand-out.*

*Following are various ways through which Investment Management Solution in PMS can be provided:*

- i. Discretionary
- ii. Non-Discretionary
- iii. Advisory

*Discretionary: In this the decision and additionally the timings of the investment choices rest exclusively with the Portfolio Manager.*

*Non-Discretionary: In this the portfolio manager just proposes the investment thoughts. The decision and additionally the timings of the investment choices rest exclusively with the financial specialist. However the exchange movement is executed by the portfolio manager.*

*Advisory: In this only advice and ideas given to the clients.*

## **INTRODUCTION**

### **SMC AT GLANCE**

SMC was founded in 1994. It's one of the leading financial services and investment solution providers in India. SMC has been ranked as India's Best Equity and Best Currency Broker and Broking Houses. The co-founders of SMC are MR. Subash Chand Aggarwal and MR. Mahesh Chand Gupta. Over the year SMC has expanded its operations domestically as well as internationally. Currently it includes regional office at Mumbai, Kolkata, Chennai, Ahmedabad, Jaipur, Hyderabad, Bangalore, and growing networks of 43 branches and 2500+ registered sub brokers and authorized persons spread across 500+ cities and towns.

### **PRODUCTS OFFERED BY SMC GLOBAL SECURITIES LTD.**

SMC offers wide range of Products and services:

1. BROKING: Providing broking services to its clients to trade in the following products:
  - Currency & Commodities • Equities & Derivatives • Clearing Services • Depository • Institutional Broking
- 2 DISTRIBUTION: Providing distribution services of the following products:
  - IPO's (Initial Public Offer) • Mutual Funds • Public Fixed Deposit • Bonds
- 3 RESEARCH: With the EIC (Economy, Industry, Company) SMC provides timely research reports on the following:
  - Equity Reports (morning bell, daily, weekly funds reports.) • Commodity reports (morning bell, monthly, weekly trade report.) • Currency reports • IPO's, Mutual Funds report • Newsletter • Special reports (pre- & post budget analysis, RBI policy)
- 4 ONLINE TRADING :SMC provide online platform for investor with this help investor can invest in Commodities, Equities, IPOs, Currency Futures and Mutual Fund Schemes anywhere anytime. SMC provide varies resources like live charts, advice, quotes and online assistance to help in taking correct decisions.

### **SWOT ANALYSIS**

SWOT analysis is an organized arranging technique used to assess the Strengths, Weaknesses, Opportunities, and Threats engaged with a venture or in a business wander. A SWOT examination can be done for an item, place, industry or individual. It includes determining the target of the business wander or extend and recognizing the inner and outer variables that are positive and horrible to accomplishing that goal. Setting the target ought to be done after the SWOT examination has been performed. This would enable achievable objectives or targets to be set for the association.

- Strengths: qualities of the business that give it leverage over others
- Weaknesses: are attributes that place the group off guard with respect to others
- Opportunities: components that the venture could endeavour further bolstering its good fortune
- Threats: components in the condition that could cause inconvenience for the business.

Recognizable proof of SWOTs is essential since they can illuminate later strides in wanting to accomplish the target. To begin with, the chiefs ought to consider whether the goal is achievable, given the SWOTs. In the event that the goal is not achievable an alternate target must be chosen and the procedure rehashed. The value of SWOT examination is not constrained to benefit looking for associations. SWOT investigation might be utilized as a part of any basic leadership circumstance when a coveted end-state (objective) has been characterized. Illustrations include: non-benefit associations, administrative units, and people. SWOT

examination may likewise be utilized as a part of pre-emergency arranging and preventive emergency administration. SWOT examination may likewise be utilized as a part of making a suggestion amid a feasibility contemplate/overview.

### **SWOT Analysis**

Strengths  Wide range of innovative financial services  Strong PE arm.  State of art I.T infrastructure  Strong international tie-ups  Workforce of over 4000 employees and over 7500 financial advisors  Customer base of over 7 million in over 450 cities.  Employees are highly empowered.  Strong communication network.  Management philosophy and commitment to maximize shareholders returns  Upgraded product design and development facilities to develop new products and aid diversification.  Ongoing activities to support up gradation of operational performance and rise in productivity  Team of talented and committed professionals available to improve company's performance weakness.  Good co-operation between employees.  Number 1 registrar and transfer agent in India.  Number 1 dealer of investment products in India

Weakness  Less penetration in India in terms of client base  Competition from cheap agents and brokerage firms  High employee turnover.

Opportunity  Growing rural market  Earning Urban Youth  Educating people about the benefits of investments to increase target audience  Large amount of population wants to do investment but scared because of less knowledge

Threats  Stringent Economic measures by Government and RBI  Entry of foreign finance firms in Indian Market  Increasing number of local players.  Constant pressure to be cost competitive to meet customer expectations.  Relentless pressure to maintain profitability.  New Rules From the government (e.g. Taxes)

### **SMC GLOBAL SECURITIES LIMITED is regulated and authorised by the Financial Conduct Authority.**

SMC offer various products for which they charge fees. Tax rules, rates and allowances provisions are given by Financial Conduct Authority (FCA) and are subject to change on individual organizations and are also dependent on individual circumstances. FCA does not regulate tax advice or any form of regulations on offshore investments.

Value received as an income from the amount invested can fall as well as rise since the market is uncertain and there is no stipulation of getting back the full amount invested.

### **OVERVIEW**

Mr. and Mrs. X moved toward SMC GLOBAL SECURITIES LIMITED on the counsel of their bookkeeper to enable them to expand the assessment productivity of their venture portfolio and to consider their choices in regards to their own duty liabilities. They were at that point in receipt of a sizeable retirement salary - the vast majority of it in Mr. X's name - including profits from directorships, and were training their bookkeeper to enable them to deal with their own duty circumstance.

"Mr and Mrs A moved toward SMC Global Securities Limited when they were five years from resigning. They had a home loan extraordinary and were worried about how much wage they would require when they resigned completely.

The couple had various benefits designs, ISA's and enrichments of whose esteem they were uncertain.

Their salary and business were secure: they simply needed to design towards retirement."

Without watchful arranging, Mr. X was in danger of losing his own stipend, while his better half was a fundamental tax citizen.

The couple were miserable about the level of administration they were getting from the speculation arm of their High Street Bank. Despite the fact that they were very happy with the execution of their speculations they had a few worries about organization irregularities, revealing mistakes and how departmentalized the

bank had moved toward becoming. They needed an individual support to guide them through retirement and to offer help later on to their family.

## STATUS REPORT

We led an extensive audit of Mr. also, Mrs. X's current ventures, including the duty effectiveness of their portfolio, and evaluated how picks up were being overseen. Their bookkeeper had distinguished that a portion of the assessment arranging parts of their portfolio had been disregarded. She was aware of the need to include a qualified Independent Financial Adviser.

We actualized a funds get ready for the couple in view of their pay and consumption needs and made organized utilization of Venture Capital Trusts (VCTs).

We also suggest an Equity Release item from a supplier who was an individual from the Equity Release Council. This would guarantee that they could stay in her home for whatever length of time that they were capable, that no month to month reimbursements would be required and that their home could never fall into a negative value circumstance. Any value staying in their property at the season of a future deal would be paid to them, or their next kin on the demise of both. We will work with E&F options for them as follows:

- Clear up Investment Goals and Objectives
- Set Strategic Risk and Return Characteristics
- Build inventive and Efficient Portfolios to help accomplish speculation targets
- Structure and assemble portfolio looking for a various scope of hazard premiums crosswise over value, rate, spread, swelling and liquidity factors traversing a worldwide open door set
- Look to address the expressed objectives and targets utilizing bits of knowledge from:
  - Quantitative research
  - Chief bits of knowledge
  - Full scale and Fundamental bits of knowledge
  - Apply Active Management to help accomplish end goals
  - Allot chance spending plan among high conviction bits of knowledge
  - Pick crosswise over conventional and option techniques in endeavors to convey fruitful and predictable results
  - Gain by shorter term bits of knowledge to include chance balanced return
  - Settle on relative resource assignment choices crosswise over and inside resource classes estimated by conviction

We also prescribed a Fixed Rate Roll Up Lifetime Mortgage which, at their age and the property's estimation would empower them to quickly draw the sum required with the rest of the hold. As they advanced further into retirement the couple's disposition to hazard was changing and the part of their collected ventures was ending up more noteworthy in financing their optional spending.

Accordingly, we actualized a year program to deal with any expense liabilities emerging in their venture design. We considered critical illness cover and income protection as well as life assurance. We combined their portfolio in accordance with their hazard resistances, considering their ability for misfortune in retirement; and reassigned a few ventures as per the couple's diverse expense statuses. We gave a structure which encouraged extra, assess proficient salary instalments and acquainted them with Inheritance Tax Planning arrangements. With a nearby close family this perspective was essential to them.

Following our recommendation and activity steps the couple could clear their home loan and now have all that anyone could need wage to meet their retirement needs. Mr A is presently drawing pay from his annuity support and the reserve esteem has stayed steady."

By setting up an administration understanding, we could build up normal eye to eye surveys, and cooperating with the couple's bookkeeper. We streamlined the administration and detailing parts of their portfolio, and gave online get to empowering them to acquire clear valuations of their whole portfolio whenever.

Through improved announcing, online get to and a normal audit technique Mr and Mrs A have more prominent trust in their money related position and are currently prepared to set up Wills and Powers of Attorney. Mr. and Mrs. X are presently in a position to start Inheritance Tax arranging.

**CASE PROBLEMS**

1. Analyse the problems face by Mr. and Mrs. X. Also the current holdings they have.
2. Give some recommendation to Mr. And Mrs. X for their portfolio keeping in mind their objective and how should they handle.
3. Analyse the steps taken by SMC to give relief to them. And some recommendations for the improvement of the couple's situation.

## **MAKE DREAMS FLY!!**

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### **ABSTRACT**

*Mutual fund industry in India is only four decades old in India. During this short span of time it has made a tremendous growth in India. However, contribution of investors from different metro cities is low if we consider it with respect to the number of investors. It is so, because of less customer awareness and financial knowledge among them. In India, majority of the customers do not have an idea about the basic concept of SIP and its benefits.*

*The present study aims at consumer behaviour towards mutual funds with special reference to ICICI Securities Ltd, Delhi NCR. ICICI Securities Ltd. has taken an initiative to make their customers aware about various mutual funds. The educational program is titled as "Mutual Fund Simplified" where they attempted to create awareness and educate the customer about the advantage and benefit of mutual fund. The study also tried to make the customers user friendly by making them understand the process of investing in Mutual Fund through ICICI Direct.com.*

*The analysis, results and suggestion presented in the case study is completely based on the market research related to the perception, awareness level of investors, their preferences and the extent of satisfaction towards investment in various mutual funds. The study also includes investor's feedback & reviews about mutual funds and their experience. Few recommendations were also made in light of the outcomes and results to increase the awareness towards mutual funds and measures to select an appropriate mutual fund to maximize the actual returns.*

*The results from the study gave a beneficial and productive knowledge to ICICI Securities for fitting their offers appropriate to provide better services as per the necessities and desires of investors in India.*

*Keywords:* mutual funds, ICICIdirect, consumer behaviour, perceptions.

### **MAKE DREAM FLY!!**

We live in a whole new world of opportunities where children have more education options than ever before. An MBA from a top Indian B-School or from top B-school abroad, an aviation degree from India's premier institute or a degree in filmmaking architecture or medical degree, among others are now common. Alongside, unusual professional streams such as robotics, nanotechnology, biotechnology, oceanography are emerging. Whatever the degree or course, the bill is high.

Apart from these, there are more changes in this modern world. More children want to be entrepreneurs today and some parents even help finance start ups with their savings. And some things don't change- Big Indian weddings with even bigger costs.

Saving for themselves and their children are one of the most important financial decisions they could make. Being prepared is essential. What their children want to be when they grow up will determine how much they have to be ready with to fulfil their dreams. If someone know the saying, "there is safety in numbers", they know the basic principle behind a mutual fund as it pools saving from investors just like them. Let's take a look at a real life example; during illness, would anybody prefer to visit a doctor or opt for self-medication? Would not they trust a specialist with years of experience, credibility and immense knowledge who would diagnose and treat their illness better and help them recover faster? If somebody trust an expert for their health, then isn't it logical to entrust their wealth with someone who has the expertise, integrity and comes with years of proven records? Yes, we are talking about mutual funds. A mutual fund is a collection of funds from a large number of different investors that are invested across various assets, schemes, and securities depend upon a common financial objective and goal. The money which is collected from different investors is generally managed by asset management companies. These asset management companies (AMC) is a part of financial service industry/ stock broking industry.

The stock broking industry is basically a financial service oriented industry where the broker acts as an agent or intermediary who purchase and sell various securities like stocks, bonds, shares or debentures on behalf of the investors. Hence, the stock-broking industry is one of the best examples of maintaining customer relationship management. The growth and long-run success of stock broking industries depends upon the quality services and customer satisfaction.

In India, there are a number of asset management companies who all are part of not for profit organizations AMFI (Association of Mutual Funds in India) which was established in 1995. These AMC are able to provide their customers with better investment plan as they have expert fund managers who identifies the stock that are needed for a well-rounded portfolio.

Let's take a real life example; a cricket team consists of 11 players, which has a perfect mix of batsmen, bowlers, wicket-keeper, fielders and all-rounders. Every player has their own specialization to not just perform well, but to win the match as well. Similarly in mutual fund investing one could balance their portfolio by investing equally across large, mid and small cap stocks. These fund managers were backed by a team of research analysts who identify the performing & under-performing stocks through meticulous analysis. Layers of rich experience and expertise help them make decisions that are aligned with the objective of particular mutual fund scheme. Among these AMCs, ICICI securities is one of the leading one who is offering number of services related to securities, retail, institutional broking, private wealth management and investment banking with their ample number of knowledge and expertise.

### **OVERVIEW OF THE COMPANY**

ICICI securities Ltd. is a part of ICICI group which is one of India's top financial service provider that basically offers various banking and other financial services. They are basically dealing with the security market of India with over 20 lacs customers. They are having 98,330 crores of equity holdings and 21192 crores of mutual fund assets under management. They act as one of the top most intermediaries or agents for buyers and sellers of financial securities in the market. Thus, they help in easy transaction between the two parties.

ICICI securities Ltd, is one of the leading AMC operates in sixty-six cities in India and have its presence in the city like Newyork, Singapore and US. ICICI securities is wholly owned subsidiary of ICICI Securities and deals in corporate advisory services along with securities in the US. They are also registered in NSE and BSE. ICICI securities owned an online portal for trading and investment which is commonly known as ICICIdirect which is the most frequently visited investment portal in India.-([www.icicisecurities.com](http://www.icicisecurities.com))

<b>NAME OF THE ICICI SECURITIES LTD.</b>	
<b>COMPANY</b>	
Established In	1995
Industry	Stock Broking Industry
Parent company	ICICI Bank Ltd.
CEO	Mrs. Shilpa Kumar, B.com, PGDM
Chairperson	Ms. Chanda D Kochhar, B.A, MBA, ICWA, MMS (Finance)
Head Office	ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai: 400020, India
Website	<a href="http://www.icicisecurities.com">www.icicisecurities.com</a>
ICICI direct online portal	<a href="http://www.icicidirect.com">www.icicidirect.com</a>

### **CURRENT SCENARIO**

ICICI securities Ltd, already a well established brand in India, was looking to further expand its reach and revenue in mutual fund sections. Basically, ICICI securities wanted to reach out to youngster and corporate working professionals to make them understand the benefits of mutual funds. They have provided the ideal online platform of ICICI direct through which one could easily engage in the investment, manage their portfolio, switch from one fund to another and modify their investment pattern.

From the last decades, mutual fund has evolved and grown significantly. Still the management team of ICICI Securities found that peoples who were having a demat account with ICICI were less aware about the mutual

fund as an investment options. ICICI found almost 39% of his customers are basically inactive customers who have never used their account for investment and savings. The financial relationship management team came into dilemma, that what is the main reason of that inactive participation of those existing customers of ICICI.

On the same day, a round table discussion was held, where the team has identified that ICICI direct need more effort to create awareness of the potential customers on what mutual fund is all about and how it is helping their customer to generate more returns by investing in different mutual fund through online portal essentially. To find out the same, they have taken an initiative to create awareness program among their existing customers related to the benefits of the mutual funds and also to make their online portal more effective and user friendly.

### **PROBLEM STATEMENT**

The main problem the company was facing that they were not able to engage the customers to the level that can make them active customers of their online portal.

### **ANALYSIS**

The general suspicion of an investor was that it was an easy platform to make quick profit, but what they were not aware of that it requires adequate research and knowledge, plenitude of time & patience, through understanding of the market, etc to create wealth. The lack of these often results in the investors having a negative experience of investing not just directly in mutual fund but as whole might discourage them to invest in any form in the future. ICICI Securities Ltd wanted to engage with their customer in a meaningful way. With the aim to understand the customer perceptions towards mutual funds, ICICI Securities conducted an awareness program in the month of May-June 2017 that featured the audio video presentation which explained all the latest features added into the mutual fund sections of ICICIdirect portal and their updated services propagated to targeted investors. The enhancement of the awareness level was done so that the company could engage more and more customers. The research was done by firstly studying the level of awareness related to the mutual funds and then accordingly enhancing the level of awareness more. The research helped to understand the reasons for not investing in mutual funds by ICICI Direct. The findings of the research helped to conclude that how customers are investing in their funds in different market and thereafter to understand how the customer is investing in different schemes such as SIP or one lump sum. The research was performed based on different statistical tools for the analysis of the data. From the data it was revealed that based on the age and occupation of the investor, their financial behaviour towards selection and preferences of schemes changed. The company tried to understand which is better for a salaried person and a retired? As once a person decided to invest in some schemes. For example, would they buy a sweater to protect them when it rains or an umbrella for the biting lashes of wind in winter? Similarly while investing; they need to decide what and how to invest in it. Do they want to invest in one shot or in EMI? The research revealed that salaried persons usually receive their salaries every periodic interval of time which was a fixed cycle whereas a non-salaried person's income was irregular. As SIPs mandate investments at fixed period of time, salaried persons could meet the commitment of SIP in a much better way than non-salaried persons.

If somebody is starting their career, typically they would want to enjoy their financial independence and would spend a lot for a better lifestyle. But saving is also an important factor for them which are often hard to come by. In such cases, SIPs are a good option to start investing as it encourages them to save a decent sum of money every month with a moderate return. The longer anybody stay invested, the more returns they are likely to get. When it comes to long term wealth creation, mutual funds were the preferred choice of some customers. For example, customers like "Sitaram" who have some short-medium term goals such as buying a car in 3 years. In such cases, SIP would start to work progressively and may be too slow. So, depending on the long term goals, a lump sum was suggested to him.

The research revealed that, most of the customers are encouraged to invest in mutual fund through ICICI direct, as they found the added features of portfolio, one click investment, fund of the month, ratings, valid till cancellation, SIP pause, future value graph and switching options are useful. Most of the customers provide a positive feedback about the ease of investment which they found in the portal. For example, a

customer like “Rahul Kumar” wanted to take a holiday and skip investing for the next 3 months. Here, SIP brought the discipline of SIP pause in his investment approach to enable him to do that. It helped them inculcate the habit of saving and building wealth for their financial goals, month after month, year after year. In their investment journey, a customer can easily monitor, redeem and generate their own tax statements with just a few clicks; offered by only ICICI securities which they found as convenient and helpful. These features attract more customers to make their investment online.

### **FUTURE OUTLOOK: SUGGESTED OUTCOMES**

Some of the feedbacks of the customers and core features available as parts of this solution were listed down:

- ✓ Mutual fund companies should try to launch innovative schemes for different class of investors.
- ✓ In order to capture huge market in India, the online portal or mobile apps of the portal should be available in different languages such as Bengali, Tamil, Marathi, Punjabi etc.
- ✓ Mutual companies should focus on the monetary factor such as higher return with lower risk, liquidity, capital appreciation, early bird benefits, brokerage charges and entry-exit load charges while launching a new scheme.
- ✓ Advisors should focus to target graduate investors and stable salaried employee in urban areas as they are easier to convince.
- ✓ The company should organize seminars to educate and enhance the engagement of people towards Mutual Fund.
- ✓ Using social media marketing channels such as facebook, linked-in etcs. for targeting socially active customers.
- ✓ Try to build strong agency network. A relationship manager should be assigned to each and every new user till the customer can feel confidence and easy in investing online.
- ✓ Offer better online services by providing far more investment options and ability to switch from one fund to another.

The business strategy that the company opted to analyze and to understand the perception of the customer towards mutual fund helped them in building up a new image and positioning of the company. Now the young people are more enthusiastic to invest in MF depending on their long term investment-return, preference and selection of schemes. The other thing was that the company was now able to map and unmapped the customer as they got the glimpse about the customer behavior towards mutual funds which would help them in generating future revenue. Thus, the company is more able to focus and support in manufacturing someone’s growth through mutual funds!

## **SECURED TIL ETERNITY**

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### **ABSTRACT**

*Trust me ladies and gentlemen soon the life of old will be reckoned just with some figures. India is home to 100 million elderly people today. Currently 95 million people in India are above the age of 60 and 8 million people are above the age of 80. This number would increase to three fold in next few decades. Somewhere in this crowded world the health and mind of the old gradually dwindle due to aging. As quoted by NDTV news the population of old age people have increase from 7.66 crore(5.6%) to 10.38 crores (8.6 % of the population). Insurance is something which can support them both financially and mentally.*

*Getting old is a natural element of life and it gradually takes place routinely, just like after ever night there would be a bright shining morning similarly every infant will turn into old. Their yearning diminish yet their needs increase as their body has lost all the ability to work. India has the highest number of life insurance polices and the total investible funds with the Life Insurance Corporation of India(LIC). Insurance caters to the large segment in Indian market but why these elderly people are ignored why these insurance companies are not ready to compromise on their profit figures and provide life insurance to the much needed section of the society that is elderly people. There are 53 insurance companies in india but these belie the fact that life*

*Keywords: Elderly, Life Insurance, Maturity, Benefits, Life assured*

### **INTRODUCTION**

Insurance can be explained as providing some sort of comfort to the person in our case a financial aid is given to support them in case of crucial times. As per thesaurus, 'an arrangement by which a company or the state undertakes to provide a guarantee of compensation for specified loss, damage, illness or death in return for payment of a specified premium.'

In other words insurance is an arrangement to deal with unpredictable contingencies. Insurance can be further divided into life and non-life insurance. There are a multitude of different types of insurance policies available and virtually any individual can find an insurance company willing to insure them but for a price.

Insurance is all about convincing people to trade their lives for money. It not only takes a lot of discipline but also a lot of psychological stress to make everyone of insurance in today's world.

### **COMPANY PROFILE**

#### **ABOUT UAS INTERNATIONAL**

UAS International is a wealth management company established in 2013 which has tie-ups with many nationalized banks. They work in order to motivate clients to invest more money in safe insurance policies, which are traditional in nature. Generally the banks use the money invested in them either to raise loans or in the share market. The policies which are sold by UAS come under the category where the money is given out for loans etc. Thus, ensuring that the money invested is handed to the client with assured profits.

UAS International works on an internship model, i.e. the company offers internship the year round and the people interning with the firm are supposed to work out the deals. The model is progressive in nature and motivates students to create and complete their leads. They work with almost 26 universities in India and train young minds to face the difficulties of selling insurance.

#### **INDIA FIRST LIFE INSURANCE**

India First Life Insurance has its headquarters in Mumbai, Maharashtra. The owners of the insurance company work in partnership of 44:30:26 with the highest share being from Bank of Baroda and minimum with Legal & General.

For our tenure of internship UAS was working with India First Life Insurance. IFLI is a joint venture of Bank of Baroda, Andhra Bank and Legal & General (UK). The two public sector banks of India cover any claim made within the Indian Boundaries while the International Firm helps in solving claims outside India.

The main aim of adding a foreign company as a partner in this insurance company is that many a time's people who hold an insurance policy here are not able to settle claims which involve death outside the country. So this company investigates the case on IFLI's behalf and thus the cases are solved.

Bank of Baroda, the second largest bank of India. It is a government owned bank headquartered at Vadodra, Gujarat. It was established in 1908 and has approx 5481 branches across India.

Andhra Bank, a medium sized bank owned by the Indian government. It has its headquarters at Hyderabad. Established in the year 1923 it has almost 2803 branches across the country.

Legal & General (UK), a British multinational financial company with headquarters in London. It was established in the year 1836. It is listed in the London Stock Exchange.

## **PRODUCTS**

### **Life Plan**

It is a term plan or a simple insurance plan where you deposit money against monetary security of your life. The minimum age for this plan is 18 years and the maximum term duration of the plan is 40 years.

The money deposited under this plan is given in case of sudden death of the life assured in between the duration of the policy. After that the money cannot be claimed.

### **Cash Back Plan**

It is a short term plan which offers money back at regular intervals. A percentage of sum assured is returned after a fixed duration until the maturity of the plan.

It is a dual plan of life insurance and investment as well. The investments under this plan are traditionally used and thus effect of market shares does not hamper the sum assured by the company.

### **Mahajeevan Plan**

It is a long term plan which offers both insurance and investment benefits to the life assured. The investments are used to give out loans or other policies of the banks and thus market up down does not affect the growth of the money deposited. They offer huge returns on maturity as per the deposited amount.

## **CASE**

I have been working with "Just for you" an old age home for a long time now and it has been a wonderful experience. I have been whirling with happiness and during my wonderful journey I came across an old couple .

A very old couple whimpered and was struggling to walk in to the old age home. The son in his shimmering BMW car had managed to drop them to this old age home. The son had abandoned them and bid a goodbye as he was leaving towards his another world where there was no space for this aged couple. And as the days passed the couple was trying to adjust and as many times I tried to approach them I always found myself neglected as they were not willing to talk to anyone.

It is true "the old couple just because they are frail doesn't give you a right to be a giant pain".

And finally the lady agreed to share their miserable phase there was sorrow in her moist eyes as she began to narrate the story. Their son was celebrating five years of marriage anniversary and as a gift he asked the parents to transfer all their hard earned wealth in his name and they happily did the same and after this they were flabbergasted to see the drastic change in the behaviour of their son and his wife and this was not enough that they happened to get the news of their son and his family moving to US after selling all their wealth.

The old couple was in dire straits and were so helpless. They were so worried that who will take care of them after their son leaves and finally decided to find some source that could at least provide them with financial assistance and if not mentally. The best solution they could find out is to get them insured. They approached xyz insurance company just before the day their son abandoned them and left them to this old age home. As we had walked into the office the manager grinned and let out a small bow. The old man groaned and without wasting a minute they said that they are looking for life insurance for both of them and manager

paused in perplexity and was thinking through. The manager's voice trembled with emotions that sir I am really sorry but there is nothing I can help you with. The decrepit couple explained how important is for them to get that insurance policy and postulated an emotional story in which their only son has abandoned them and is leaving to US after selling all their wealth. But again the manager uttered that they do not provide any insurance to senior citizens. The old spent the entire day in the office and had been trying to solicit their help. At the end the old couple left the office with misty eyes.

This all kept me totally flabbergasted that these insurance companies are only concerned about the profits figures and there is no guilt for this humane act. Insurance companies offered monetary help to people whose life assured died due to sickness, accident(if proven), or to people who had died due to criminal acts then why in this bitter world there are no life insurance policies for the old who need it the most?

### **CURRENT SCENARIO**

Running alongside this development, however was another somewhat contradictory policy concern, namely that older people were becoming increasingly costly and that government in the twenty first century would need to rethink the obligations and guarantee which have been made in past.

According to WHO the current population of elderly people living today is 668 million and this number is expected to increase by 2 million in few decades. The average life expectancy has increased from 40 years to 64 years now. It means that the person today has 20 more years to live. With this kind of aging scenario, there is so pressure on aspects of care for older people from shelter, finances to health necessities. These aged people with the changes in families have contributed to the growing realization among themselves that they are perceived as burden to their own children.

Insurance companies in India did not cater to the families of the people who ended their lives due to any reason. The family gained nothing but hardships. They were out their raw and fresh for the butchers to harm them and no one helped them in regaining their status everyone helped them to leave whatever is left to lead a tough life.

### **INSURANCE SECTOR JOURNEY IN INDIA**

Life insurance in its modern form came to India from England in the year 1818. Oriental Life Insurance Company started by Europeans in Calcutta was the first life insurance company on Indian soil.

However later with the efforts of eminent people like Babu Muttylal Seal, the foreign life insurance companies started insuring Indian lives. But Indian lives were being treated as sub-standard lives and heavy premiums being charged on them. Bombay Mutual Life Insurance society heralded the birth of first India Life Insurance Company in the year 1970, and covered Indian live at normal rates.

In 1914 , the government of India started publishing returns of insurance company in India. In 1928 , the Indian Insurance Companies act was enacted to collect data for both life insurance and non-life insurance business running in India. In 1938 the Insurance act was made to control activities of insurers.

The Insurance Amendment Act of 1950 abolished principal agencies .The entry of new insurance companies was restricted as there were large insurance companies and competition was so high. High penalties were changed in case of unfair trade practices. Finally in 1956, Insurance sector was nationalized and Life Insurance Corporation came into existence .The LIC had monopoly till 90's when insurance sector was reopened to the private sector.

In 1993, the government set up a committee under the chairmanship of Governor of RBI to make recommendations for reforms in Insurance sector. In 1999, the Insurance Regulatory and Development Authority (IRDA) were made as an autonomous body to regulate insurance industry.

In another phase of 2000-2005 Insurance industry because of establishment of autonomous body of IRDA responded favourably to high competition. As sales increased, so does the annualized premium. In 2010 the more concern was to introduce more products .The industry became more stable in terms of profits. In this phase large players entered into the market through foreign joint ventures and small players merged themselves so as to survive in this sector. In 2012 the main purpose was to make the sector paper free this was done to lower operating cost and facilitate the launch of new products.

Talking about this sector in general has gone up by approx 2% of world's insurance chart. The different departments of insurance sector individually grown a lot from the reports claimed in 2012.

According to latest survey in 2016, the health insurance sector has grown about 30% of India's total population recorded and now grosses at about 105.25 billion. The life insurance sector has seen a rise of 9% and now amounts to US \$18.76 billion and expects to increase by 4% in the next 4 years.

### Indian Insurance Industry Overview & Market Development Analysis

Latest update: June, 2017

#### LIC Continues to Dominate Life Insurance Segment

- As of 2016, life insurance sector has 29 private players in comparison to only four in FY02
- With 70.4 per cent share market share in FY16, LIC continues to be the market leader, followed by SBI (5.1 per cent), ICICI (4.9 per cent) and HDFC (4.1 per cent)

#### Major companies market share in terms of life insurance premium collected (FY16)



Source: TechSci Research, LIC - Life Insurance Corporation of India

### Indian Insurance Industry Overview & Market Development Analysis

Latest update: June, 2017

#### Life Insurance Market Appears Vibrant

- The life insurance market grew from US\$ 10.5 billion in FY02 to US\$ 27.5 billion in FY16
- Over FY02-FY16, life insurance premiums expanded at a CAGR of 7.5 per cent.
- The life insurance industry has the potential to grow 2-2.5 times by 2020 in spite of multiple challenges supported by long-term trends and fundamentals underlying household savings.

#### Growth in Life Insurance Premiums (US\$ billion)



Source: Insurance Regulatory and Development Authority, TechSci Research

Note: CAGR - Compound Annual Growth Rate, Figures as per latest data available

## KEY FEATURES PROVIDED BY INSURANCE COMPANIES

- MATURITY BENEFIT-** At the maturity of life insurance policy you get some guaranteed benefit provided that all the premiums have been paid that too on timely basis. The company pays out the sum insured and other guaranteed additions along with various bonuses such as revisionary bonuses and terminal bonuses if any in lump sum.
- DEATH BENEFIT-** on the death of life insured during the policy provided all the premiums have been paid in full the beneficiary get all the vested guaranteed additions along with revisionary bonus terminal bonus and interim bonus if any in lump sum or as demanded by the beneficiary.
- BONUSES-** the Insurance companies declares various bonuses on the basis of companies performance, profit earned and availability of funds. These are the terminal bonus , interim bonus and revisionary bonus.the bonuses are declared once in each year and once added they form a part of the guaranteed benefit of the policy.

- 4. TAX BENEFITS- DEDUCTIONS UNDER SECTION 80C AND 80D**-The premiums paid for the life insurance are eligible for deductions under the following section of the income tax act up to the limit of Rs 1,00,000.

**DEDUCTION UNDER SECTION 10(10D)-** This allows the full payment receivable at the time of maturity without any deductions at source under the head of tax .this allows both the death benefit and maturity tax-free.

- 5. FLEXIBLE PREMIUM PAYMENT TERM-** You can choose the term for which you would like to pay your premiums towards toward your life insurance .The minimum premium payment term is for 5 years for policy for 15, 20 and 25 years .The maximum premium term can be equal to the plicy term.
- 6. LOANS –** You can avail the facility of loan after some amount of premium have been paid. The loan amount is granted up to 80%-85% of the premiums already paid.
- 7 ADVANTAGE WOMEM –** Life Insurance offers an additional premium discount for female insured person .The premium paid by a women policy holder is equivalent to three yearly premium paid by male policy holder.

### BENEFITS OF LIFE INSURANCE FOR SENIORS

- LEGACY -** Leaving behind a legacy for the next generation the benefits of life insurance for seniors is that a policy will help to bridge the gap which can occur for the survivor receiving social security benefits. The benefits of life insurance policy are paid in the form of a lump sum payment and are generally non-taxable.
- COVERING ADDITIONAL EXPENSES -** Even the elderly people need money to live their life. The expenses can be overcome by borrowing money from life insurance policies. The permanent life policy offers this opportunity to borrow money from accumulated benefits.
- SATISFACTION -**The life policy brings peace and happiness to mind when you cross the age of 60, the life policy makes you feel relaxed as you know you will no longer be able to actively earn money.
- DEATH BENEFIT -** On the death of life insured during the policy provided all the premiums have been paid in full the beneficiary get all the vested guaranteed additions along with revisionary bonus terminal bonus and interim bonus if any in lump sum or as demanded by the beneficiary.

### PERFORMANCE OF INSURANCE INDUSTRY IN INDIA

#### 1. PREMIUM INCOME

There are 53 insurance companies operating in India out of which 24 are in life insurance and 29 are non-life insurers. Among the life insurers, Life Insurance Corporation(LIC) is the sole public sector company and among the non-life insurers there are six public sector insurers, there is also a sole national re-insurer namely, General Insurance Corporation of India(GIC Re). The total premium income in the insurance industry has been increases over the years. The following table shows the 10 largest life insurance companies in India.

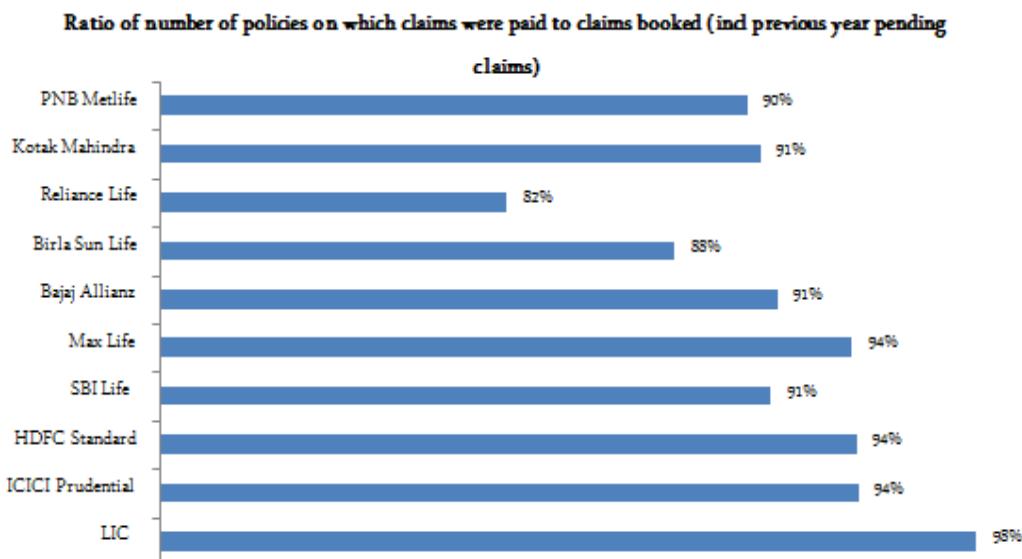
Insurer	Total FY 2014 Premium (` crores)	FY 2013 Premium (` crores)
LIC	2,36,942	2,08,803
ICICI Prudential	12,428	13,538
HDFC Standard	12,062	11,322
SBI Life	10,738	10,450
Max Life	7,278	6,639
Bajaj Allianz	5,843	6,892
Birla Sun Life	4,833	5,216
Reliance Life	4,283	4,045
Kotak Mahindra	2,700	2,777
PNB Metlife	2,240	2,429

The data presented in table indicates that in absolute terms, the premium income of insurance industry has increased from 2013 to 2014.

## 2. CLAIM SETTLEMENT RATIO

The life insurance company depends upon two broad functions namely underwriting and other settlement of claims. A claim is a demand on the insurer to fulfil it as a part of the promise and its settlement at the time of maturity or in case of death of a person the beneficiary or nominee claims it.

The following table below shows that claim settlement statistics is best in case of Life Insurance Corporation in India as comparison to others. The claim settlement ratios of most of the other companies in the table are more than 90%.



## 3. DEATH SETTLEMENT CLAIM

In death benefit claim the sum assured is paid to the beneficiary or the family of the insured person. Some insurance companies take into the suicidal clause under which the suicide of the insured person is also claimed.

The given table shows the death benefit received by these life insurers the total death benefits claimed, death benefits which are still pending and the death benefit claims which are rejected by the insurer.

All figures in ₹ crores

Insurer	Claims Pending Opening Balance	Claims booked	Sub Total	Claims Paid	Claims Repudiated	Claims written back	Claims Pending Closing Balance
LIC	255	8,650	8,905	8,475	181	21	228
ICICI Prudential	2	351	353	279	45	-	30
HDFC Standard	10	245	254	217	23		14
SBI Life	12	277	289	255	8		26
Max Life	1	249	250	215	35		0
Bajaj Allianz	32	409	441	360	57		23
Birla Sun Life	33	312	345	268	57		20
Reliance Life	26	273	298	203	62		33
Kotak Mahindra	4	84	89	71	14		4
PNB Metlife	7	101	108	82	15	0	10

Insurance is a sector which promises security for people to dream, to live and do what they actually desire for themselves. When the time actually permits people to do so without a sense of guilt towards their family, the companies say sorry you are too old to have a sense of freedom.

The companies maybe too rich to fund them, but at this time their insecurities take the better of them, all the statistics, economics, history, geography and what not stand up and just won't let the person who lived for the parents, spouse and children live for themselves. Are we really too poor to deprive anyone a little strength to prosper? Are we only selling fear? Are we truly insuring the ones who need a chance equally as anyone else?

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## A CASE STUDY ON WORKING CAPITAL MANAGEMENT IN LG INDIA PVT LTD

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### ABSTRACT

*Working capital is like a life blood for the company. It is essential for companies to manage their working capital effectively in order to achieve its objectives and to maintain a healthy liquidity position. Any mismanagement in working capital will cost a lot towards the success of business. So in this perspective the present study is undertaken to understand the efficiency of working capital management in LG India Pvt. Ltd with the help of Ratio Analysis. From the study it was found that the present condition in LG is good and with more efforts it can be made much better in future.*

*Keywords:* Working Capital, Liquidity, Ratio Analysis, LG

### INTRODUCTION

In the fast-growing business world, there is a great deal of competition between enterprises. In general, we believe that finance covers three main topics: capital budget, capital structure and liquidity management. Involving the relationship between short-term assets and short-term liabilities, such as inventory management, accounts receivable and accounts payable, and cash. The main purpose of any business is to maximize profits. However, maintaining the company's liquidity is also an important goal. Liquidity and profitability are two different aspects of the same coin. The plight of liquidity management is the expected trade-off between liquidity and profitability. With reference to risk and return theory, more risky investments will lead to more returns. Liquidity management is a management accounting strategy that focuses on maintaining effective current assets and current liabilities to ensure that the company has sufficient cash flow to meet short-term debt.

### LG INDIA PVT. LTD. - AN OVERVIEW

LG Electronics India Pvt. Ltd. was incorporated on January 20, 1997 to manufacture and trade in Home Appliances, Mobile communication, Home Entertainment, Vehicle Component. The Manufacturing Facilities of company are situated in Greater Noida In Uttar Pradesh and also in Ranjangon near Pune in state of Maharashtra. The company also associates the letters LG with the company's tagline "Life's Good". Since 2009, LG has owned the domain name LG.com. Mr. Tae Wan Kim appointed as additional Director & designated as managing director with effect from 23<sup>rd</sup> January 2016. The BOD of company have declared 650% interim dividend i.e. 65/- per shares to shareholders amounting to 7353.30 Crores. During 2015-16 company recorded revenue growth of 2% & profit growth of 15 % (after tax) as compared to previous Financial Year.

### PROBLEM STATEMENT

Profitability is the driving factor for the company. But inadequate working capital can lead the profitable business into a stage of windup. The current cash crunches in market are threatening the business of many companies, which is essential for the current assets and current liability. So study is undertaken to have a clear picture working capital management in LG India Pvt. Ltd. and how long they are able to survive with negative working capital.

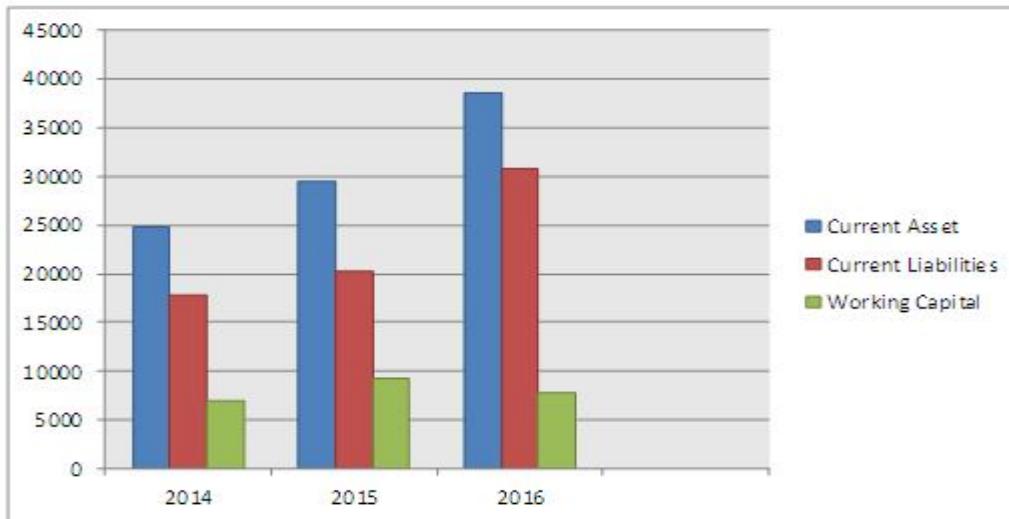
**ANALYSIS**

<b>Statement of change in working capital of LG Electronics India Pvt. Ltd.</b>					
<b>Particular</b>		<b>March 31, 2014</b>	<b>March 31, 2015</b>	<b>Changes in working capital</b>	
A. Current Assets		14,096	16,993	<b>Increase</b>	<b>Decrease</b>
a) Inventories		7,156	7,163	-	-
b) Trade receivables		1,885	3,752	2897	-
c) Cash and cash equivalents		1,422	1,252	7	-
d) Short-term loans and advances		322	336	1867	-
e) Other current assets				-	170
<b>Total</b>		<b>24,881</b>	<b>29,496</b>	<b>14</b>	<b>-</b>
B. Current liabilities		1,079	-	1079	-
a) Short-term borrowings		13,566	16,994	-	3428
b) Trade payables		2,069	2,132	-	63
c) Other current liabilities		1,145	1,198	-	53
<b>Total</b>		<b>17,859</b>	<b>20,324</b>		
Net working capital (A-B)		7022	9172		
Increase in working capital		2150			
<b>Total</b>		<b>9172</b>	<b>9172</b>		2150

<b>Statement of change in working capital of LG Electronics India Pvt. Ltd.</b>					
<b>Particular</b>		<b>March 31, 2015</b>	<b>March 31, 2016</b>	<b>Changes in working capital</b>	
C. Current Assets		16,993	16,371	<b>Increase</b>	<b>Decrease</b>
f) Inventories		7,163	8,173	1010	-
g) Trade receivables		3,752	12,478	8726	-
h) Cash and cash equivalents		1,252	1,223	-	29
i) Short-term loans and advances		336	396	60	-
j) Other current assets					
<b>Total</b>		<b>29,496</b>	<b>38,641</b>		
D. Current liabilities		-	-	-	-
e) Short-term borrowings		16,994	18,208	-	1214
f) Trade payables		2,132	2,518	-	386
g) Other current liabilities		1,198	10,082	-	8884
h) Short-term provisions					
<b>Total</b>		<b>20,324</b>	<b>30,808</b>		
Net working capital (A-B)		9172	7833		
Decrease in working capital			1339	1339	-
<b>Total</b>		<b>9172</b>	<b>9172</b>	<b>11135</b>	<b>11135</b>

**Working Capital of Company**

<b>Year</b>	<b>Current Asset</b>	<b>Current Liabilities</b>	<b>Working Capital</b>
<b>2014</b>	24881	17859	7022
<b>2015</b>	29496	20324	9172
<b>2016</b>	38641	30808	7833



### RATIO ANALYSIS

- Current ratios in three years are less than standard ratio. And it has increased from 1.39 to 1.45 during 2014 & 2015 but it has been reduced from 1.45 to 1.25 during 2015 & 2016. This shows that company holds a low position than the required one & may not be competent to pay its short term obligations on time.
- By analyzing the Liquidity Ratio of three years data it can be said that company is trying to improve its short term positioning as there is an improvement in quick ratio from .6 to .61 and a good improvement can be seen during year 2015 and 2016 from .61 to .72.
- The inventory turnover ratio of the company is falling in comparison to 2015. It shows that company needs to take corrective action in these regards. As a low ratio is not fruitful for the company.
- Company needs to work on its credit policy as a low debtor turnover ratio is not good for company. Debtor turnover ratio has been reduced from 19.38 to 17.27.
- Company is having a favorable creditor turnover ratio. A lower ratio signifies that company avails a good credit period from its supplier.
- Working capital turnover ratio is in favorable state. As lower ratio indicates more flexibility and help in avoiding financial trouble.
- Company is using its assets effectively in comparison to ideal ratio. But company needs to take certain steps in this regard in order to stop the downward trend in asset turnover ratio.

Ratios	2016	2015	2014
<b>Current Ratio</b>	1.25	1.45	1.39
<b>Liquidity Ratio</b>	.72	.61	.6
<b>Inventory Ratio</b>	7.42	7.67	7.46
<b>Debtor Turnover Ratio</b>	17.27	19.38	17.68
<b>Creditor Turnover Ratio</b>	4.25	4.45	4.91
<b>Working Capital Turnover Ratio</b>	16.52	13.09	15.21
<b>Asset turnover Ratio</b>	2.52	2.95	3.1

### SUGGESTED SOLUTION

The company should invest in its current assets and pay the current liabilities effectively. The company should provide attractive payment policies to get credit from customers at an early date. LGEIL's liquidity and profit are increasing every year, which is a good sign for the company. To maintain a long-term outlook. Asset turnover is declining; the company needs to make appropriate investment in its assets. LGEIL has sufficient liquidity and better mobility. By making effective use of this short-term capital, you should increase your turnover.

## CHALLENGES AND ISSUES RELATED TO GST

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### ABSTRACT

*This case study on challenges and issues related to GST attempts to understand the problem and issues related to GST which is being faced by the company "Loesche India Private Limited". Despite of successful implementation of GST in the company, the company is facing many problems at the time of filling up of returns, claiming input tax credit of the tax which the company had already paid in the form of VAT, Service tax and other indirect taxes which is disturbing the cash flows working capital requirements of the company. Lacks of clarity of GST among clients of the company, lack of clarity of some of the GST provisions among employees of the company are some other problems being faced by the company which has hampered the successful GST implementation. Increases compliances with increased number of tax return have also created a challenge for the employees as they need to engage more of their time in filing of returns.*

*Keywords :GST, Input tax credit, Tax return, Form 3B, Cash Flow, Working Capital issue*

### INTRODUCTION

**"GST is a comprehensive, multi stage, destination based tax that will be levied on every value addition"** which is expected to act as a catalyst for the transformation of business across all sectors. It is one of the forms of indirect tax which has subsumed around 17 indirect taxes of state government and central government under one umbrella and will completely revolutionize the tax system of the country for smooth national market and will help economy to grow. It is implemented in India W.E.F 01-07-2017.

Since the last couple of months we have been hearing GST all over the news, and we all know India has many indirect taxes like central excise duty, service tax, surcharges and cess, entertainment tax, luxury tax, central sales tax, octroi and entry tax etc. Indirect taxes are taxes that are levied on goods and services not on income and profits and therefore these multiplicities of taxes had driven up prices of goods and services making taxation complicated, further there are different rates of taxation for different states and businesses end up paying taxes on paid taxes so GST attempts to unify most of the indirect taxes and make India a unified market. It is a destination based tax which is applied to all the stages of value chain. But still after so many advantages of GST companies are facing many issues and challenges which still need to be resolved.

### OVERVIEW

The company "Loesche India Private Limited" is in the business of trading, and at present, is struggling to get on with the destination-based tax from an origin-based tax structure. The shift from the previous tax regime and carry forward the input credits into GST is the biggest challenge that businesses are facing today.

The company still has billions of rupees in the input tax credit, but they may still need to pay a comprehensive, potentially disruptive flow of goods and services tax (GST) in July and August.

This is because the relevant GSTR 3B form does not provide any columns from the early consumption tax, service tax and value added tax system. As a result, the company will not be able to adjust its taxes in accordance with its responsibilities. The company's experts said that this does not seem to be the intention of the government, and because the industry is relying on this adjustment, it must be quickly clarified, and now need to pay the full amount of consumption tax.

Companies such as the automotive industry have rupees of tens of billions of dollars in such credit. "This will cause significant cash flow problems for taxpayers unless the assessor is allowed to use transitional credit for the time being," said Bipin Sapra, partner of EY.

The GST council which is highest decision-making body of tax regime for the new tax system and has approved a free transition framework to ensure smooth sailing of taxation system. Any entity can apply for a service tax or VAT in the previous system to offset the consumption tax. If you do not pay proof of tax, you

can use the rules that are considered welfare. The key benefit of GST is that there is no cascading of tax through seamless availability of input tax credit.

The company must submit a summary report of GSTR 3B of July before August 20 and summary for august has to be filed by September 20. The format of the report includes summarized details of outward and inward supplies that is liable to reverse charges and input tax credit eligible on various procurements made during the month. However, this form does not provide the space for the transfer of credit from the early regime. This basically means that the July and August consumption tax liabilities must be settled in cash.

There is a mechanism for claiming credit from the previous regime but that has not been integrated with the GST filing process. This transitional credit will be available only after filing of GSTR TRAN-1 on the GSTN common portal.

Even if a taxpayer files TRAN-1 prior to August 20 (that is, prior to filing GSTR 3B for July), the credits would not be allowed to be migrated in GST as there is no specific table for disclosing opening credit in GSTR 3B. TRAN-1 and TRAN-2 are the forms for transition of input tax credit while GSTR 3B is the form in which actual GST payable is filed. To be sure, input tax credit can be availed of after September in all instances.

Tax experts are seeking a clarification or a change in the form. "It cannot be the intention of the government to deny the benefit of input credit," said Pratik Jain, leader, indirect taxes, PwC India. "It could lead to huge cash flow issues for industry, running into thousands of crores. A clarification or amendment in Form (GSTR) 3B is needed urgently."

So the immediate requirement of the company is to ensure working capital requirement to meets it's short term obligation and know company needs to find out that how it should deal with the problem?

Other important problem is clients' understanding of GST provisions and its impact on their business is still at a nascent stage, they are still confuse with the places and location they need to register in.so certain clients of the company still haven't register for GST which results in company facing problem at the time of filing returns as they don't have Application Reference Number (ARN) of all the clients.

These businesses are also assessing the mandated GST-compliance their relevant functional departments need to adhere to, including their Supply Chain, IT Systems, and Legal. This is necessary for identifying their new Working Capital, Cash Flow, and Fund Flow needs. To be on the right side of the GST anti-profiteering clause, businesses are also assessing their cost sheets while performing Comparable Analysis of the pricing of goods and services, pre-and post GST.

Various provisions of GST are still questionable. Categorization of goods and services in various cases is still unclear, multi-rate GST and no common base of tax rates have become an issue for the company to identify the right tax rate for certain category of goods and services. Provisions for anti-profiteering- that are company claiming tax reduction ensures prices reduction for customers of the company, provisions regarding e-way bills which is now-deferred e-way bill, which tracks consignments across states, are unclear that at what time the company should issue e-way bills and who should generate the e-way bills.

As the new tax regime requires transporters to generate e-way bills on the GST portals which include incurring substantial costs to install radio frequency identification devices (RFIDs). As of now there is no lucidity on who will bear the bill for the framework. The government has also made the rules related to assessment and audit public, but the absence of actual forms in the public domain challenges the effectiveness of the rule.

Businesses will need to file multiple returns, a minimum of 37 in most cases for assesses, and this can increase multi fold in accordance with business models. Clients and company need to ensure timely compliance in filing of returns so that both clients and company can ensure there is no loss of input credit and able to get input tax credit on time which will result in correct data filing at the time of filling GST returns and returns would be more accurate. So the efficacy of the company getting credit on time will depend on client filing returns on time with correct details

## **STATUS REPORT**

The organization has no alternative to these challenges being faced until and unless GST council brings out some conclusion or amends the return form 3B and organization make some sincere efforts to organize some sessions for employees and clients of the company to bring more clarity about GST provisions.

## **CASE PROBLEMS**

- How could organization do to increase the knowledge of GST provisions among employees and clients of the company?
- What could be the solutions to overcome the problems of working capital requirement in the company?

## THE SUCCESS STORY OF ADVANCE PRICING AGREEMENT

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### ABSTRACT

*With the impact of globalization in India a need arises to check the tax avoidance by the companies which trade with their associate companies. Following the international patterns India too came out with amendments in Income Tax Act by introducing provisions relating to Transfer pricing. The rules too were framed for reporting and maintaining records pertaining transfer pricing transactions. This was necessary for two reasons firstly from the angle of collection of taxes and secondly for attracting FDI.*

*With the tax provisions and rules coming into existence a new set of problems crop up which were hampering interest of both the tax payers and tax authorities. This led to the government to come out with an alternate dispute redressal programme in the shape of Advance Pricing Agreement (APA) programme. This programme is more or less in line with the internationally accepted principles and is also based on the guidelines and framework given by OECD. It was necessary that as APA could be of multilateral in nature, therefore, this programme should meet international requirements too.*

*In order to bring confidence and certainty in the mind of the taxpayers and reduce burden on the tax authority's structure APA has come as a soothing relief. The number of benefits as discussed in the study proved the success of the programme. Besides ensuring and generating additional revenues for the tax authorities it has brought time and cost saving for the tax payers by reducing litigation to a great extent. Having seen the utility of this programme the government in the year 2014 introduced the concept of retrospective effect of an APA thereby settling the old disputes too.*

*All efforts are being made to increase the awareness of this programme and to bring more and more assesses in its ambit. This study concludes that APA is the need of the hour.*

**Keywords:** Transfer Pricing, Advance Pricing agreement, OECD

### BRIEF HISTORY OF TAXES

The words tax and duties needs no introduction in today's scenario. They are globally present and are the source of income of any government. Taxes and duties are collected to meet the state expenditure.

Tax and duties are in existence for ages. For example it existed some 3000 years ago in China and found its presence from 14<sup>th</sup> century in Europe. This is when the word taxes formally came into existence. The word tax finds its roots in the Latin word "Taxare" which means to assess.

In India we can trace history of the tax from the period of 'Manusmriti' and 'Arthashastra'. It means that tax and duties were in existence in India much before the Britishers introduced taxes in the form of lagan.

During the regime of the Mauryas it is said that the tax structure was at its best. The famous economist Chanakya, who was the statesman under the leadership of Mauryan emperor Chandragupta, used to handle taxation and other related matters of the Maurya empire. He emphasised the need of stringent tax regime during emergencies like flood, famine, war, etc. He was the person who introduced for the first time the concept that rich should pay more and poor should pay less.

The mutiny of 1857 (as named by the Britishers) was the reason which led to the introduction of taxes for the first time by the Britishers in the year 1860.

The formal Income Tax Act, though originally introduced in 1918, took its shape in the year 1922 which remained in existence till the assessment year 1961-62.

In the year 1961 the old Income Tax Act was replaced with new Income Tax Act, 1961 which became effective from 1 April 1962. It expanded to the whole of India, Sikkim and even to Jammu and Kashmir.

Every year during the budget sessions we find major amendments are brought in in the Income Tax Act.

## **INTRODUCTION OF TRANSFER PRICING**

Transfer price is the price charged by an entity to its associated party for the services/goods provided or property transferred. It is generally presumed that the prices charged in such cases are not in accordance with the market prices but are rather adjusted so as to suit the needs of the companies involved in order to avoid tax.

In the global scenario with the worldwide presence of companies, the companies often take advantage of the low and high tax regimes in different countries by increasing or decreasing the profit margins. This give rise to the concept of “base erosion and profit sharing”.

It is now a system of law used by countries to ensure that the transactions particularly in respect of goods, services, property and other resources transferred to related companies in other countries are appropriately priced based on standard market conditions. The companies usually inflate profits in low tax jurisdictions and decrease profits in high tax countries to avoid taxation.

Under transfer pricing regime the basic concept is to ensure that transactions between companies within the same group are made at the prices which are charged for transactions for unrelated companies in the comparable business conditions. This mechanism is often manipulated due to the political scenario as many countries in order to attract investments provide various tax advantages. This has led to a situation which gave rise to OECD. Now OECD role is to issue guidelines and recommendations for multinational companies and tax authorities to sort out the menace of transfer pricing. The main solution came out in the shape of arm's length price, means that two identities should act as if they are independent parties and do the transaction as they are doing in the normal course of business i.e. independent of each other.

The transfer pricing crisis are approximately 80 years old. The powerful economies of the world are first to find solutions to avoid base erosion and profit sharing. These economies with their new found regulations tried to hunt down intragroup transactions and finding out the defaults in transfer pricing. Transfer pricing affect the amount of tax paid by the company, tax collections of a country, cash flows of a company, investment decisions and performance parameters of a multinational company, price at which goods, materials, services etc. are to be exported, custom duties to be paid on it, avoidance of double taxation and in particular decision making for multinational companies where to establish their new businesses. The statutory authorities through their local laws have started imposing fines, penalties, additional taxes besides various types of penal provisions.

## **PROBLEMS**

Though the income tax act has a very well-defined sections and rules to be followed by an assessee still because of various reasons such as interpretation, methods of arriving at prices etc. there are lot of ambiguities. This has led to non-settlement of tax disputes between tax payers and tax authorities.

It is estimated that India had about 3500 disputes pending by the year 2012 making it the third largest country in the world in TP litigation. According to an estimate till February 2011 there were 1500 transfer pricing dispute which has more than tripled by now at various levels with various authorities such as ITAT, High Courts etc. This indicates that either the tax payers are not clear in their mind or tax procedures are such that they are hard to comply with.

Surprisingly in countries like New Zealand, Taiwan and Singapore there is neither any pending case nor any cases are under adjudication. In many advance countries like US the TP litigation is minimal. In India, the situation is very grim the taxpayers find themselves in a very tough situation

## **PROBLEMS FACED BY TAX PAYERS**

Once an assessee furnishes return, the AO in the given time frame may raise any questions and demand from the assessee in the form of a draft order in case the AO is not satisfied with the Arm's Length Price computed and the taxes paid by the assessee in accordance to it.

If the assessee is not happy with the order of the officer the assessee has an option to appeal at various level of forums to seek relief starting from DRP to filing a writ before the Hon'ble Supreme Court of India.

On papers it look very easy and systematically designed but when faced an assesee undergoes tremendous pressures in the shape of heavy cost, time involved, taking assistance of counsellors, engaging advocates etc. The litigation process involved is neither good for tax payer nor for tax authorities.

Some of the major problems that the assesee faced over the time were complex laws followed by various amendments. This created ambiguity in the minds of the taxpayers what is applicable since when it is applicable, what to include, what not to include, how to arrive at the price of the transaction etc. Complex disclosure requirements had made it further cumbersome for the taxpayer to meet with the requirements of the tax authorities.

Further, to resolve the issues of the taxpayers there are very less dispute resolution mechanisms as compared to the number of disputes in existence. On an average it took 10 years for an assesee to get relief/problem resolved. Coupled with this when it comes to approach the courts the administrative requirements, paper requirement, requirement of legal assistance had made it very difficult for an assesee to approach the court. But he/she had no alternative except either to accept the orders of Tax Authorities or willingly or unwillingly go through this procedure.

It is a commonly known fact that tax authorities in India are very high headed. They generally don't sympathetically consider the pleas of the taxpayers. Many times the tax payers were at the mercy of the tax authorities. This had led to a situation where problems of taxpayers were hardly resolved. Benefit of doubt was not given to the tax payer.

Though on papers it seems very good that an assesee has multilevel of forums to get his/her issues resolved but in practice it has created various complexities as the issue does not come to an end. Either the taxpayer or the tax authority approached the next level of forum. This way the matter did not come to an end and linger on for years. Over the years many judgements have come which have laid down certain parameters and criteria settling the issue of transfer pricing but simultaneously there are contradictory judgements leading to confusions.

Appellate forums are loaded with transfer pricing litigations causing delays in settlements. In many instances, the forums had referred back the matter to concerned AOs because of number of facts and nitty-gritty were required to be re-examined.

In India transfer pricing was first introduced in the Financial Year 2001. Since then the disputes, because of transfer pricing, are on the rise. It is estimated that by the financial year 2014 a sum of Rs 70,000 Crore was involved in transfer pricing disputes. Today transfer pricing is major component of disputes in direct taxes.

### **AN EFFECTIVE REMEDY- APA**

In order to provide an amicable solution the government of India introduced a scheme of APA in the year 2012. APA stands for Advance Pricing Agreement. Under this programme a taxpayer enters into an agreement with the tax authorities regarding the determination of arm's length price at which tax payer will make international transaction with its related parties. An APA is an agreement between a taxpayer and at least one tax authority defining methods of transfer pricing through which the taxpayer will make transaction with its related parties over a certain defined period.

Through a notification dated 30/08/2012 the detailed procedure to be followed for an entering into APA was brought into existence. The rules laid down the procedure for pre filling consultation application; pre-filling consultation; payment of fees; filling of APA application; processing of APA application; withdrawal of APA application; terms and conditions of application; filling of annual compliance report; compliance audit; revision, cancellation and renewal of APA; etc.

When an APA is entered into with the tax authorities than the authorities do not raise any question on pricing of the transactions covered under the agreement as long as the taxpayer adhere to the terms and conditions laid down in the APA.

Though the name has the word 'advance' but invariably APAs had covered pending transfer pricing issues pertaining to previous years and also successfully tried to settle the existing transfer pricing audits and/or adjustments.

An APA could be unilateral, bilateral or multilateral i.e. it can be entered either with one or more tax authorities having global presence. The length of an APA ranges usually between 5 to 9 years. It can have a retrospective effect also.

Usually in India a taxpayer has to pay a fee for entering to an agreement with the tax authorities and also require to incur cost in the shape of engaging professionals to frame APAs, but this is nothing in front the cost which a taxpayer may have to incur in case the litigations crop up.

APA has come out as a successful initiative in substantially reducing litigations in transfer pricing. In order to settle the transfer pricing issues forums have considered the bases at which transfer pricing are agreed to and entered in the APA. APA not only settles the pricing issue in the minds of the taxpayers, it saves lot of resources which are otherwise used on litigation. The same is true for tax authorities as tax authorities are saving lot of resources which were otherwise to be deployed on TP litigation.

An APA helped nip many potential disputes in the bud.

Currently many issues are there which require guidance from the tax authorities. If the tax authorities come out with circulars and guidance notes lot of disputes could be avoided. Through this programme the tax authorities arrive at mutually acceptable solutions/resolutions with tax payers on lot of issues. Even international transactions in the nature of corporate guarantee, software development services, IT enabled backup services, royalties have been settled through this route.

With the globalization becoming the need of the hour APAs have covered almost all types of industries including investment advisory services, finance and banking, media, engineering design services, software development and IT enabled services and administrative and business support services.

As compared to the traditional assessment process APA programme provides/gives an opportunity to the taxpayers to work in an hon'ble supportive atmosphere where taxpayer has greater level of confidence and reliability on the transactions which he has done or is doing or will be doing with associated enterprises

An APA eliminates the risk and helps financial reporting of possible tax liabilities, besides reducing the incident of double taxation and time and cost involved in TP documentation preparation.

### **IMPACT OF APA**

APA programme has successfully provided an alternate dispute resolution mechanism regarding transfer pricing issues to the taxpayers. It has led to a non-adversarial tax regime. The government has faced many problems such as lack of trained man power coupled with shortage of resources to handle the complexities of the transfer pricing issues. Further, the tax authorities at their end took various types of initiatives for the success of APA programme. Some of these are sharing of information with the taxpayers which brings clarity with regards to the business of the taxpayer, one to one discussions regarding arriving at methods to be used for transfer pricing and finally how to decide Arm's Length Price, using electronic media to communicate has reducing paperwork, visiting the premises of a taxpayer to understand its business modalities, keeping confidentiality and bringing transparency and positive attitude among the officers handling the APA work.

Through APA the government could successfully reduce burden on the tax authorities the combined effect of entering into APAs is on the number of years for which tax certainty regarding transfer pricing methods has been arrived at.

India has successfully entered APAs with some non-resident taxpayers also. All endeavours are being made to encourage the tax payers having transfer pricing issues to come under APA programme.

The success of APA can be gauged from the fact that in respect of only IT sector the Indian entities declared more than Rs 5000 crore as additional income after entering into APA, resulting to a tax payment of approximately Rs 1500 crore without having any dispute or litigation.

## WORKING CAPITAL MANAGEMENT OF JAGUAR LAND ROVER

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An organization contributes its assets for different sorts of operations and purposes. It satisfies both short and long haul. That piece of an organization's capital required for least load of crude materials to keep up creation coherence, future request be satisfied by least supply of completed products, installment of wages and compensations to the representatives and workers for the preparing time frame and least measure of indebted individuals, bank and money adjust is known as the 'Working Capital'.

Current resources and trade assist proficient taking care of and decide the destruction and survival of the organization. Net current resources is otherwise called the working capital. It is essential and vital from the view purpose of both productivity and liquidity. At the point when the assets are superfluous tied up in the sit out of gear or unrequired resources and in this manner lessening the liquidity and capacity to put resources into resources which are gainful in nature like plant and apparatus and along these lines influencing the benefit.

Jaguar Land Rover Automotive is the asset of Jaguar Land Rover Ltd. It is a subordinate of TATA motors, India. The major actions of Jaguar Land Rover Limited are the designing, developmental features, manufacturing and sales of products holding the Jaguar and Land Rover badges

Land Rover is a vehicle producer whose claim to fame is in 4wd i.e. four wheel drive autos, under the responsibility for multi-national vehicle fabricating unit Jaguar Land Rover whose proprietorship was considered by TATA Motors since 2008. .

Land Rover autos are at exhibit outlined and changed at organization Halewood and Solihull plant, with inquires about and advancements occurring at the Gaydon and Whitley designing focus. Jaguar Land Rover (JLR) has invested £800 million over five years in new technologies to improve the environmental performance of its vehicles.

Jaguar XJ is an example of the end result of JLR's embedded environmental strategy. This new product has benefited from investment in a number of technologies, which all lead to reduced energy usage in design, manufacture and distribution of this vehicle. Not only that, it uses lightweight recyclable materials, and a new range of more fuel efficient, high performance engines Virtual testing was used for 7,000 crash tests, and over a million miles of virtual driving, saving both costs and emissions, but also providing much more data than would be possible by physical testing alone. Improved technology in manufacturing also meant significantly lower energy use in making this car. For example fewer stamping actions were required to produce the body panels, and the welding of the body shell was eliminated from the construction process. The fact that the body shell is constructed from aluminium, (50% of which has been reclaimed or recycled) saves an estimated 3.3 tonnes of CO<sub>2</sub> per car. This lightweight structure also translates into greater fuel efficiency and lower emissions, than an equivalent steel bodied car. There is also less waste and at the end of its life it is 85% recyclable.

Jaguar Land Rover (JLR) has put £800 million more than five years in new innovations to enhance the natural execution of its vehicles. XJ is a case of the final product of JLR's implanted natural procedure. This new item has profited from interest in various advancements, which all prompt decreased vitality use in configuration, make what's more, conveyance of this vehicle. Not just that, it utilizes lightweight recyclable materials, and another scope of more fuel productive, superior motors.

Virtual testing was utilized for 7,000 crash tests, and over a million miles of virtual driving, sparing the two expenses and emanations, yet additionally giving considerably more information than would be conceivable by physical testing alone.

Enhanced innovation in assembling like wise implied altogether bring down vitality use in making this auto. For instance less stamping activities were required to deliver the body boards, and the welding of the body shell was disposed of from the

## DEVELOPMENT PROCESS

The way that the body shell is developed from aluminum, (half of which has been recovered or reused) spares an assessed 3.3 tons of CO<sub>2</sub> per auto. This lightweight structure likewise converts into more noteworthy fuel proficiency and lower discharges, than an identical steel bodied auto. There is additionally less waste and toward the finish of its life it is 85% recyclable.

Discharges have been additionally diminished by dispersing 70% of Jaguar XJ's and different models from their Castle Bromwich gathering plant via prepare it is evaluated that this will have spared an expected 60 million truck miles. As far as taking care of shoppers expanding demand for bring down outflows, the XJ, 3L V6 Diesel, has CO<sub>2</sub> outflows of 184g/km.

Back itself is a nearby weave group and the vast majority have pivoted between the distinctive back zones. This gives us a solid cross utilitarian position and corporate perspective that guarantees back is invited, as well as welcomed into the center of our venture groups

Jaguar Land Rover contextual analyses for Supportability driven innovation speculation Jaguar Land Rover (JLR) has put £800 million more than five years in new advancements to enhance the natural execution of its vehicles. The Jaguar XJ is a case of the final product of JLR's installed natural system. This new item has profited from interest in various advances, which all prompt lessened vitality use in configuration, fabricate also, dissemination of this vehicle. Not just that, it utilizes lightweight recyclable materials, and another scope of more fuel effective, superior motors. Virtual testing was utilized for 7,000 crash tests, and over a million miles of virtual driving, sparing the two expenses and outflows, yet additionally giving significantly more information than would be conceivable by physical testing alone. Enhanced innovation in assembling likewise implied essentially bring down vitality use in making this auto. For instance less stamping activities were required to deliver the body boards, and the welding of the body shell was dispensed with from the development process. The way that the body shell is developed from aluminum, (half of which has been recovered or reused) spares an assessed 3.3 tons of CO<sub>2</sub> per auto. This lightweight structure likewise converts into more noteworthy fuel proficiency and lower emanations, than proportionate steel bodied auto. There is likewise less waste and toward the finish of its life it is 85% recyclable. Emanations have been additionally decreased by appropriating 70% of Jaguar XJ's and different models from their Castle Bromwich gathering plant via prepare (by means of a reason fabricated rail head which opened in 2003). By 2013, it is assessed that this will have spared an expected 60 million truck miles. As far as taking care of purchasers expanding demand for bring down emanations, the new XJ, 3L V6 Diesel, has CO<sub>2</sub> discharges of 184g/km. The dispatch of this new auto is the climax of a long voyage of ventures drove by groups consolidating portrayal from Finance. Jaguar's responsibility regarding making its scope of autos as earth productive as conceivable has been perceived by key ecological industry gatherings. It was the victor of the Environmental Transport Association's guide extravagance division in 2006, 2007 and 2008.

I'm discussing how JLR outline every one of its procedures, how they outline the exploration and assembling, how they outline the preparation, the enlistment designs, the individual abilities. What's more, how they plan their associations with merchants and at last with our clients. They consider this to be the way to progress – making worth and advancement to produce the privilege monetary come back to legitimize facilitate interest in development – the ideal upright circle. They are winding up more worldwide, growing more items, putting resources into heaps of various advancements in loads of various regions. This is not an obsolete industry, autos are a propelled innovation for what's to come.

Toward the begin of 2008, a board level supportability advisory group was framed to build concentrate on maintainability activities. This advisory group is upheld by a discussion comprising of senior directors over the business from item improvement, fabricating, site administration, back, HR and interchanges. This gathering is known as the Sustainability Action Group, and is in charge of supporting the improvement of JLR' manageability arrangement, technique and objectives. JLR guarantee that their arrangement is coordinated into their corporate basic leadership process by including feasible improvement into their corporate marketable strategy, along these lines lifting its status to an indistinguishable level from different business goals. All business capacities hence have an arrangement of supportability focuses on that they are in charge of working towards. The fund experts are at the core of the business arranging process, the

objective setting process, and the estimation and execution detailing exercises, which help guarantee advance towards these targets. Risks and openings related with future manageability patterns are distinguished inside this Action Group, and from this examination, exercises are arranged and executed through work streams all through the business, with fitting measurements to screen advance against duties.

It is this administration structure, which saturates all business capacities which empowers the conveyance of the Land Rover long haul supportability vision, medium and long haul activity designs, objectives and targets JLR's maintainability administration structure is delineated above, finance is spoken to and contribute their expert aptitudes also, abilities at all levels of this structure. For instance, with the aluminum innovation venture, finance will enter banters with engineers at many phases of costing to guarantee continuous test to cost adequacy.

Jaguar tries to focus on sustainability as it has a aim environment safety. Less energy is used for making cars as new technology is developed in the making. As customers demand for lower emission vehicles so the company tries to focus on that so the sale increases.

**QUESTIONS**

1. Describe the supportability driven innovation used by the company?

## **IMPACT OF GST ON HONDA CARS INDIA LIMITED**

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### **ABSTRACT**

*Goods and Services Tax (GST) is a type of indirect tax levy on manufacture, sale and consumption of goods and services at a national level. The rationale of the study is to understand GST (Goods and Services Tax) which is proposed to be implemented in India from 1st July 2017. It is a study about impact of GST on Honda Cars India Limited.*

*This study was conducted to find out whether GST has a positive or negative impact on Honda Cars India Limited i.e. impact on their purchases, services availed and current production models.*

*This study contains a comparison sheet which shows comparison of current taxes such as Excise tax, NCCD, Automobile Cess, Infrastructure Cess on current production models with GST on same models. Finally comparison between Pre GST and Post GST shows that GST will have a positive impact on current production models except the hybrid cars.*

*The paper makes commitment towards new information.*

*Keyword's: Goods and Services Tax, Excise Tax, Value Added Tax, Central Sales Tax and Input Tax Credit.*

### **INTRODUCTION**

The current Indirect tax regime in India is complex due to multiplicity of taxes, a lot of compliance obligations and tax cascading. Presently automobile industry has different types of cesses such as automobile cess, NCCD, infrastructure cess etc. The automobile industry has its own complexity such as longer investment cycle, development of vendors/ part makers, substantial outsourced processes, unique market approach, etc... Under the proposed GST scheme, all the key Indirect taxes would be subsumed (except for few taxes such as Stamp Duty, Custom Duty, Custom Cess), and hence it is expected that it would result in a simpler tax regime.

The Goods and Service Tax is a single rate tax levied on the manufacture, sale and consumption of goods as well as services at a national level. In this system the GST is implemented only on the value added at every stage of production. This will ensure there is no cascading effect of taxes (tax on tax paid) on inputs that are used in manufacturing goods. With the GST in place, the prices of goods are expected to fall, and in the long term we can expect the dealers to pass on these benefits to the end consumer as well. The Automobile industry has seen significant disputes under central excise valuation like, sale below the cost for market penetration, inclusion of State Industrial Promotion subsidies retained by the manufacturer, deductibility of past sale discounts from value under excise, valuation of demo cars treatment of PDI charges and other dealer reimbursement advertisement charges recovered from dealers etc., and sales though marketing companies and mutuality of interest. The model GST law continues with the concept of transaction value which is a welcome measure, however the powers for rejection of the transaction value are very wide, and could lead to significant valuation disputes. The GST is working towards a more viable approach when it comes to tax, which is applicable in the manufacturing process. The tax under the new regime which the manufacturer has already levied in the manufacturing process is deducted when the final product created by the manufacturer is produced in the market. Hence, the tax on products is overall reduced as the tax otherwise charges on the final product does not include the pre charged one. The same process is followed on the level of the wholesaler who sets off the tax when he purchases the good from the manufacturer and releases them in the market. The product passes from the wholesaler to the retailer the retailer after adding value to the product again sets off the tax when releasing the goods finally in the market. In this chain of passing the goods from one to another, the tax sets off at every level, releasing a bit of pressure on all the people on the respective stages. Hence, when the final product is released the overall value of the good when taxed has a marginal variation in favor of the consumer as to re-existing rate of taxes. The double tax burden is being eliminated from this region as taxes that may have been charged and again charged on the tax that

was already paid has been done away with the section, though has variations as per type of vehicle depending on the size and emissions by the same. Moreover the overall compliance burden is expected to decrease and bring lots more efficiency in operations of the indirect tax prospective the whole country will be treated as one market and will add to operational efficiencies. The GST will be positive for the automotive sector, primarily because of the efficiency and the removal of cascading that is expected with GST, example a car is manufactured in a particular state and generally 80 percent of these cars are sold to states outside the state of manufactures to dealers outside the state. So today, to straight away give you an example, the two percent central sales tax (CST) that they pay will not be there tomorrow because hopefully origin tax is not there. Even the two percent CST will be an integrated GST (IGST) which will be fully creditable by the dealer when he sells the car in the other state, and even from a procurement point of the view, if there is interstate procurement we suffer today at two percent CST which is a cost to the manufacturer, that also will not happen because those interstate procurements will have an IGST in it which is again available as a full credit to the manufacturer if the credit rules are simple and easy. The second efficiency could be also on the input side, a bigger, more easy credit mechanism so that all the taxes on the input side, whether it is input services, whether it is capital goods, whether it is manufactured products are set off against the output liability of GST.

The GST law treats job work as a service and seeks to maintain existing excise procedures for the job work transactions, i.e. non taxability of job work transaction and providing credits to the principal for supplies to job worker 180 days condition for bringing back goods after job work. The automobile industry for vendors to develop tools for the manufacture of parts of automobiles. The ownership of such tools is transferred to the OEMs, and the cost is also recovered from OEMs. However, the tools are physically located in the vendor's factory for manufacture of parts. As specified in model GST law the definition of capital goods covers only those goods which are used at the place of business of supply of goods. Thus, only goods which are used in the place of business of OEM seem to be eligible for GST credit in the OEM's hands. This could possibly result in increase in the cost of totaling and cost for manufacture. The automotive industry has witnessed several cesses including automobile cess, NCCD, tractor cess and infrastructure cess. In the discussions on GST, the Government has indicated its intention to subsume all Central and State cesses into GST. The existing CENVAT credit rules the input tax credit will be allowed only of those goods falling within specified chapters to the model GST law. Further the definition of inputs and input services also provides for exclusions. Therefore, it appears that even under GST, restrictions on input tax credit will continue. Generally, states provide for various incentives including investment promotion subsidies (IPS). A majority of the automobile manufacturers enjoy special benefits from the State government in the form of State investment promotion subsidies (IPS). This is given in the form of refund of VAT/CST paid. The implementation of GST, taxes move from the origin state to the consumption state. This could result in significant reduction of flow back of IPS, since GST on interstate sales is not credited to the origin state unless on interstate sales is not credited to the origin state unless there is a compensation mechanism to the states or to the OEMs with regard to the impact on the IPS due to GST.

## **BACKGROUND**

### **(i) About Company**

Honda Car India Limited (HCIL) is a Japanese company set up its operations in India in 1995 as a joint venture between Honda Motor Company and Usha International of Siddharth Shriram Group for the production, marketing and export of passenger cars in India. It was known with the name as Honda Siel Car India Limited. But in August 2012 Honda purchased out Usha International's 3.16 percent share for ₹1.8 billion and changed its name to Honda Cars India Limited. Thus became a 100 percent subsidiary of Honda Of Japan.

The first production unit of HCIL was set up at Greater Noida, U.P. in 1997. It is spread across 150 acres and has an annual production capacity of 1, 20,000 units. The second production unit of HCIL in Tapukara is the first car production plant in the state of Rajasthan. This production plant is spread over 450 acres and has an annual production capacity of 1, 20,000 units. In February 2014 HCIL started production of cars in its Tapukara Plant. This plant is known for its best manufacturing know-how and practices it has obtained from Honda's global operations.

The sales and distribution network of HCIL is spread across the country. It nearly includes 341 authorized dealers operating in 231 cities (as on 15th Sep.'16).

#### **(ii) About Topic**

GST is a type of value added tax which will be levied on manufacture, sale and consumption of goods and services at a national level.

The target date for introduction of GST is 1st July, 2017.

Under GST all indirect taxes are combined into one single tax, whether they are levied on services (Service tax) or goods (Excise and VAT) and by Central or State Government. One of the major drawbacks of the present tax system mainly the cascading effect of taxes which will be overcome under GST by providing input tax credit at each stage in the supply chain.

#### **TAXES TO BE SUBSUMED UNDER**

CGST will be Central Excise, Service Tax, SAD, CVD (Counter Vailing Duty), AED (Additional Excise Duty) and Surcharge & Cess.

SGST will be VAT/ Sales Tax, Entry Tax, Tax on Lottery, Surcharge and Cess, Purchase Tax, Entertainment and Luxury Tax.

IGST will be Central State Tax.

Under GST if the goods and services produced and consumed within same state then CGST and SGST will be levied at the rate applicable to such good or service. But if the goods or services are produced in one state and sold to other state then IGST will be levied at the rate applicable to such good or service. No GST will be applicable to goods and services exported to outside India. In case of Import of goods and services CGST and SGST will be levied while BCD and custom cess are kept out of GST.

In case of manufacturing operations (sale) Pre GST for goods manufactured in one state and sold in the other state. For Example goods are manufactured in Uttar Pradesh and sold in Tamil Nadu. If raw material is purchased within state then excise and VAT is applicable on it, when it is purchased from other state then excise and CST is applicable on it and in case of import of raw material CVD/SAD is applicable on it.

The good is manufactured in Factory in Uttar Pradesh and taxes are levied on it depending on the location from where it is purchased. Then on the final product service tax is charged and if the product is sold to other state like in this case Tamil Nadu then excise and CST is applicable on it before it reaches the final customer.

In case of manufacturing operations (sale) Post GST for goods manufactured in one state and sold in the other state. For Example goods are manufactured in Uttar Pradesh and sold in Tamil Nadu. If raw material is purchased within state then CGST and SGST is applicable on it, when it is purchased from other state then IGST is applicable on it and in case of import of raw material also IGST is applicable on it.

The good is manufactured in Factory in Uttar Pradesh and taxes are levied on it depending on the location from where it is purchased. If the product is sold to other state like in this case Tamil Nadu then IGST is applicable on it before it reaches the final customer. GST matrix will result in following cases:

- Credit of CGST can be utilized against CGST and IGST but not against SGST and Cess.
- Credit of IGST can be utilized against CGST, IGST and SGST but not against Cess.
- Credit of SGST can be utilized against IGST and SGST but not against CGST and Cess.
- Credit of Cess can be utilized against Cess only.

#### **PROBLEM STATEMENT**

Problems in implementing GST are:

1. A number of softwares are used in Honda Cars India Limited, company is facing problem in making changes in these softwares. Nearly at present 18 softwares are running.
2. Currently at present 7 to 8 types of invoices are issued by the company. Company is facing problem in redesigning these invoices as per GST requirement as these are software based invoices.

3. Company's service provider is located in Japan therefore company is facing problem in explaining changes to them.
4. And many more.....

### **OUTCOME**

On the basis of calculation done we can easily analyze and find out that the cash outflow in case of purchases of the company is expected to increase by 1% if purchases are made within UP and is expected to increase by 13.5% if purchases are made outside UP. And in case of services availed by the company cash outflow is expected to increase by 3%.

On the basis of calculation done Category I i.e. Brio, Jazz, WR-V P, Amaze –Petrol is expected to decrease by 2.30%, Category II i.e. Jazz, WR-V, Amaze –Diesel is expected to decrease by 2.10%, Category III i.e. City, Mobilio, BR-V is expected to decrease by 5.10%, Category IV i.e. CRV is expected to decrease by 8.70%, Category V i.e. Accord i.e. is expected to increase by 4.30% and category VI i.e. spare parts is expected to decrease by 0.30% if cars are sold within UP.

And Category I i.e. Brio, Jazz, WR-V P, Amaze –Petrol is expected to decrease by 5.10%, Category II i.e. Jazz, WR-V, Amaze –Diesel is expected to decrease by 4.90%, Category III i.e. City, Mobilio, BR-V is expected to decrease by 8.20%, Category IV i.e. CRV is expected to decrease by 11.90%, Category V i.e. Accord i.e. is expected to increase by 0.50% and category VI i.e. spare parts is expected to decrease by 0.50% if cars are sold outside UP.

### **SUGGESTED SOLUTION**

GST is the biggest tax reform and workings of companies will be totally different under it. Under excise most of the work was done manually i.e. a lot of paper work was involved in it but under GST this paper work will be reduced as tax invoices will be uploaded online.

### **SOME OF THE RECOMMENDATION AND SUGGESTION WHICH CAN BENEFIT THE COMPANY ARE**

- As there are separate teams for implementation and execution, the main concern here would be that coordination should be on point, therefore timely meetings and interaction sessions should be organized between the two teams.
- Honda Cars India Ltd. should appoint a proper consulting firm to help them with this transition phase.
- Honda Cars India Ltd., should pass on the price cut benefits to its customers and try to gain more of market share.
- Training and seminars should be organized for existing employees to make them familiar with GST. Also new employees who have knowledge of GST should be hired as different types of returns have to be filed under GST.
- As the company's service provider is located in Japan therefore company should communicate on daily or weekly basis in order to avoid confusion related to GST as they are not familiar related to laws applicable under GST.

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## **IMPACT OF GST ON MOTHER DAIRY**

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### **ABSTRACT**

*GST stands for goods and service tax it is a biggest reform in indirect tax structure. It is also called destination based tax. GST is designed to support and enhance the Economic growth of The countries. It was first introduced by Vajpayee Government. It has already been Implemented by more than 150 countries. Though initially when GST was introduced in Indian Economy many businesses were against the implementation of this reform.GST is also called the “game changer for Indian Economy”. GST is a comprehensive tax policy which is considered the most important reform in contributing to the Indian Economy.*

*GST is considered most critical reform in the Indian history. But its implementation it will certainly make the tax system simpler, reduce the tax outflow, and make the export competitive,help in increasing the government revenue which they earn from tax. GST is a tax which is levied on both the goods and services except the goods and services mentioned in the exempted list of GST. It is levied on both goods and services by both State (SGST) Central Government (CGST).GST is one of the biggest reforms which have been pending from last 17 Years but finally on 1<sup>st</sup> July 2017 it was successfully implemented in India. It was expected to be implemented on 2010 April, but because of political issues and difference in interests of various stakeholders it was kept awaited. It is a comprehensive tax system. It will subsume all indirect taxes like CST, VAT, EXCISE DUTY, etc. and will create a seamless national market. It is expected that implementation of GST in Indian Economy will eliminate all the fall outs of existing indirect tax system and play an important role in growth of India. This project presents an overview of GST concept; explain its features, concept, need, structure along with its timeline of implementation in India it also focuses on advantages of GST and challenges faced by India and its impact on MOTHER*

### **DAIRY INDUSTRY**

#### **ABBREVIATION**

1. **GST- GOODS AND SERVICE TAX**
2. **KKC- KRISHI KALYAN CESS**
3. **CST- CENTRAL SALES TAX**
4. **CVD- COUNTERVAILING DUTY**
5. **SGST- STATE GOODS AND SERVICE TAX**
6. **IGST- INTEGRATED GOODS AND SERVICE TAX**
7. **CGST-CENTRAL GOODS AND SERVICE TAX**
8. **VAT-VALUE ADDED TAX**
9. **ACD- ADDITIONAL CUSTOM DUTY**
10. **SAD- SPECIAL ADDITIONAL DUTY OF CUSTOM**

#### **ABOUT THE COMPANY**

Mother Dairy was set up under the operation flood program. It was set up in 1974 and was Registered as a Subsidiary Company of NDDB (NATIONAL DAIRY DEVELOPMENT BOARD). Initially it worked only in the production, manufacturing and distribution of Milk but with the passage of time it now also deals in the Fruit & Vegetable and edible oil. Also Mother Dairy worked on Milk and converted into traditional Indian Dairy Product.

**List of items dealt by Mother Dairy at present are:**

1. MILK

2. DAHI
3. PANEER
4. MISHTI DOI
5. EDIBLE OIL
6. ICE CREAM
7. VEGETABLE AND FRUITS
8. DAHI
9. CURD.ETC

In April, 2000 NDDB merged both Mother dairy and Fruit and vegetable into one company and was renamed as MOTHER DAIRY FRUIT&VEGETABLE PRIVATE LIMITED. Mother Dairy focused on each category be it small class, middle class, high class people.

### **MAIN OBJECTIVE**

Apart from maximizing the profit the company works for the welfare of the farmer as they are considered to be the main stakeholder and also to carry out the activity in such a manner that result in development of farmer as well as the economy as a whole. Also to grow in the market the company also adopted a diversification strategy to expand its market share & market growth and not restricting themselves to one product. <http://www.motherdairy.com/>

### **INTRODUCTION**

Goods and Service tax is widely known as GST. In present day context of Indian Economy it is most crucial reform. GST was supposed to be executed from April 2010 but due to some political issue and conflicting interest of people it was unexecuted. GST is inclusive of all the indirect taxes of state, central and unified economy into a seamless national market. It is expected that implementation of GST will eliminate the backdrop of indirect tax and will effectively and efficiently help in the growth of Indian Economy. For the growth of an economy, tax policies play an important as tax is considered a largest source of revenue which provide support to government for providing public services and infrastructure development. GOODS AND SERVICE TAX is the biggest reform since 1947. Government has put all its effort and energy to start with GST in India. Before, India had a very complicated tax Structure followed with the imitations of taxes imposed by union and state government. Introduction of GST will help country to follow the uniform tax structure which will help the National market to work smoothly. According to experts GST will help India to grow more in efficient manner as uniformity of Tax will not only help in smooth working of national market but will also help in collecting Taxes as it will disrupt the tax barrier between state and central via single tax rate.

### **FEATURE**

1. Tax is levied on supply of goods and services
2. Administration or council has clearly defined the authority of Central Government and State Government.
3. Reducing the cost of goods as GST implementation will result in removing of Cascading Effect.

### **CURRENT SYSTEM (CASCADING EFFECT)**

#### **BUTTER MANUFACTURED IN DELHI**

SOLD IN DELHI@Rs.20000/-

VAT@12.5% = Rs.2500

**BUTTER SOLD FROM RAJASTHAN TO HARYANA@Rs.22500**

#### **GST (NO CASCADING EFFECT)**

BUTTER MANUFACTURE IN DELHI AND SOLD IN DELHI@Rs.20000/-

CGST@6% = Rs.1200

SGST@6% = Rs.1200

BUTTER SOLD FROM RAJASTHAN TO HARYANA @ 22400

CST@10% = Rs.2250 IGST@10% = Rs.2240 (1500-CGST-SGST)

4. Based on “ONE COUNTRY, ONE LAW”.

5. Except the exempted goods and services and the transaction below the threshold limit GST is applicable. Alcohol for consumption, electricity is exempted from GST. Petroleum products (crude oil, HSD (high speed diesel), motor spirit (petrol), natural gas, ATF (aviation turbine fuel)) are exempted initially from GST. But still they are under VAT Regime.

6. Along with Central excise tax Tobacco products are included in GST.

#### **TIMELINE OF GST YEAR DETAIL 2000**

Committee was set up by Atal Bihari Vajpayee to Design single tax model.

#### **2005(FEBRUARY)**

Need of single tax in budget was mentioned by MR. P.CHIDAMBARAM (FM).

#### **2006(FEBRUARY)**

Chidambaram Proposed 1st April to start with GST in India

#### **2009(JULY)**

Basic structure of GST was announced by Pranab Mukherjee.

#### **2010(FEBRUARY)**

Government launches mission mode project for Computerization of commercial taxes.

#### **2011(MARCH)**

UPA Government constitution Amendment the bill in LOK SABHA.

#### **2013(OCTOBER)**

Many state opposed GST Bill including (Gujarat).

#### **2014(DECEMBER)**

Bill was again introduced by FM ARUN JAITLEY.

#### **2015(MAY)**

In LOK SABHA bill was passed.

#### **2016(AUGUST)**

In RAJYA SABHA Bill was passed

#### **2016-2017(AUGUST-MARCH)**

12 Times GST council meeting took place.

#### **2017(MARCH)**

In LOK SABHA 4 supplementary GST Bill was passed

#### **2017(JULY)**

Came into effect

#### **NEED TO REPLACE TAX STRUCTURE**

##### **Current tax Goods and Service tax**

1. Multiple tax rate (Indirect Tax).
2. Had a cascading effect (Double taxation).
3. Due to multiple rates there were multiple forms.

4. Complicated on the part of government
5. At each stage it was difficult to identify type of tax.
6. Tax structure was not standardized.
7. Lack of stability.
8. Mistrust
9. High transaction cost.
10. Tax evasion

### **GOODS AND SERVICES TAX**

1. Single Taxation System.
2. Reduces the tax burden on good and services benefiting common man.
3. Common way of filing return
4. More clarity and less complication.
5. State Tax (manufacturing) exempted.
6. Follow the standardised tax structure.

### **PROBLEM STATEMENT**

- In India, taxation system (INDIRECT TAX) is a very lengthy process.
- Introduction of GST will help in removing the imbrication of Indirect tax.
- At present businessmen, manufacturers etc. are not having much clarity about GST.
- People are not really aware how GST will work and how life of common people will be affected after implementation.
- After the implementation of GST, the benefits in various sectors are not yet known.
- Price of product will change after the introduction of GST due to change in tax rate,

### **CHALLENGES OF RESEARCH**

- GST slab rate of some products are still not declared.
- To study the replace the multiplicity of tax by single tax.
- To study the benefit of GST after its implementation

### **SCOPE OF GST**

1. Applicable on the supply of goods and services
2. Alcoholic liquor for human consumption is exempted in GST.
3. GST has a direct impact on dairy product.
4. Initially GST is not applicable on petroleum, crude oil, natural gas etc.

### **BENEFIT OF GST**

#### **For Business and Industry**

#### **For Consumer**

- Elimination of cascading effect.
- Compliance of GST is easy.

#### **For Government**

- Reduction in price of goods

- Single and transparent tax proposal
- Consolidation of tax base
- Single and easy to administer
- Heavy revenue efficiency

## **CONCLUSION**

The production from dairy industries is spread on a large scale throughout the India. It is the most intensive employer plus the best employer for the landless labour in India. Milk contributes close to the 1/3 of gross income of rural families and in the case of these without land, nearly half of their gross income. India ranks first in milk production, accounting for 18.5 % of world production. At present the Dairy Industry has become an important secondary source of income for millions of rural households engaged in agriculture. High rate of GST, if applied, would have direct implication on milk producers. Dairy is perhaps the only industry that is able to pay to the milk producer about ~70% of what is charged from the consumer. No other food processing industry in India is able to meet such high expectations of the farmers. It is apprehended that high GST would incite the industry to reduce the milk prices paid to the milk producer. High rate of GST might also increase the consumer prices of dairy products substantially. The consumer would have a tendency to reduce the consumption of processed dairy foods as well as milks. If the consumer moves more towards the traditional vendor, the organised dairy sector that has been wresting the market of vendors, would contract in size and consequentially reduce its reach to the milk producer. This would halt the expansion and investment in the organised dairy sector including the cooperatives.

## **EXISTING TAXATION REGIME**

According to the existing taxation regime there is no tax on any of the fresh dairy products like raw milk, pasteurized-packaged milk, Dahi, Chachh, Lassi and their variants. None of the dairy products attract excise duty except for the sterilized-sweetened-flavoured milks that also in a very few states. Mandi fee that once was levied on ghee across India has been abolished except in Uttar Pradesh and Rajasthan and that too has been reduced to 2% only. Value-added tax is levied at 2-5% on milk powders, 5% on chakka (basic raw material for shrikhand), table butter, cream, and UHT milk packed in cartons.

- PROPOSED GST RATES:
- Dairy products: GST RATE
- Fresh Milk NIL
- Lassi NIL
- Chena or Paneer NIL
- Curd NIL
- Milk Powder 5%
- Cream 5%
- Butter and other Fats 12%
- Condensed Milk 18%

The government has taken a farmer centric approach in the proposed GST regime. It should create a special class for the dairy industry by exempting all types of liquid milks, sterilized milks, Dahi, Chachh, Lassi, shrikhand, paneer and so on from levy of GST and has put milk powder, yoghurt, and other fermented or acidified milk and cream in 5% rate slab. Recovery of low tax through dairy sector should not be considered as a loss to the national exchequer but an investment that would spur growth in milk production, ensuring national food and nutritional security and enhancing rural prosperity.

## NBFC: ITS CHALLENGES AND SOLUTIONS

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### ABSTRACT

*This case study is talking about the company that has developed as a comprehensive financial services solution provider that offers home value advances, company finance, stock broking, vehicle finance and appropriation of monetary items to its clients. It works from more than 350 branches crosswise over India alongside assets above Rs.10000 Crores*

### INTRODUCTION

The NBFC utilize more than 6, 000 field specialists' crosswise India in deals and accumulations that travel broadly in their domains to get new clients and administration existing clients. Traditionally, these types of specialists loaded out the appropriate paper form for every single deal, and sent the finished printed material to their official head workplaces that conclude at the end of each day. The period it seized to fill out the forms and to finish the processing seizes period and this prompts to negative alter on clients' loyalty. One more issue is negative drop out of a paper established work process was an elevated level of fraud by unscrupulous field specialists who exploited absence of ongoing detailing and book keeping of the cash gathered.

The firm understood that they required a structure to coordinate business procedure data, and examines and disseminate it continuously. This would help in business decision-making as well as give a unified access point for workers and management by aggregating data alongside ease of content commitment and administration. Administration additionally comprehended that, to encourage foster continued development, the organization needed to enhance the quality and adaptability of its informing foundation. To present on this vision, this driving NBFC understood that they required a solid undertaking versatility arrangement supplier.

### CHALLENGES

1. The organization wanted to circumvent buying agents' luxurious POS mechanism, for e.g. advanced cells or tablets, for its field's specialists to circumvent losing the gadgets after these specialists quit. (High weakening among field operators is an industry wide pattern.) Therefore, the result had to be operable on each low-end cell phone.
2. They additionally understood that the IT resolution had to possess the skills to scale alongside them as they developed. As it were, in all socio-geographic districts of the nation, operatives demanded to be capable of use the mobile solution. This implied that their optimal item should be inclusive in words of speech skills and methods of communication.
3. At long last, so as to raise efficiency and remove misrepresentation, the NBFC realized that they needed to possess a conclusion to end arrangement in which information sustained into the mobile interface should instantly be exchanged to the regulatory backend, whereas specialists might present handling and receipting lacking delay.

In view of these prerequisites, the organization embraced an audit of the main undertaking versatility arrangement suppliers in the Indian market.

As indicated by an elder Manager of IT of the organization, "The choice came down to versatility. On the off chance that we will convey our administration to the Indian crowd, it seems that we demand to involve them on their words, alongside modes of contact and knowledge that are agreeable for them. In supplementary words, the skill to possess our workers round out structures and updates progressively, paying little mind to their education level or speech inclination, is the way to our competitive accomplishment, and must be empowered across a voice-based arrangement..

## SOLUTION

Uniphore was the merely resolution supplier that might coordinate voice innovation with GPRS and SMS stages, and they had a sharp comprehension of the customized resolution we should demand so as to make consistent portability over our workforce."

Uniphore worked alongside the company on a far reaching comprehensive invention procedure, understanding their present company procedures, IT groundwork, and the bottlenecks in their procedures. The two firms next worked jointly to craft an end-to-end mobility resolution employing voice, GPRS, and SMS for selling and collecting procedures of the firm that upheld 11 local languages and might run on inexpensive feature phones.

The last arrangement looked at every single pace of the sales process. For every single procedure – lead arrest, pursue up, feasibility reporting, document collection, etc. - the specialists open the relevant application on their fundamental component telephone, and enters the proper information. Every single form can be loaded out across whichever voice sources or text sources, reliant on the preference and education level of the specialists. The content-based application is maximized for productivity employing drop-down menus for close-finished fields. Moreover, one of the more creative constituents of the resolution is the help for the Know Your Customer (KYC) procedures, where appropriate character documentation have to be collected, by permitting the field specialists a chance to catch the documents as a picture and transfers them specifically into the application. Clients' signature is additionally seized across image.

If the specialists choose voice, after that point an outbound call to the organizations hotline is instantly processed, and the form is loaded out across an interactive discussion between the operator and the server. Uniphore's Speech credit knowledge is consolidated into the firm's IVR, so the request can comprehend what the operator is stating, and change over it to a content-based form. For both voice and content, data entry is performed at the client locale to safeguard precise, mistake-free updates.

In supplement to seizing data on their cell phones, field operators additionally approach to their record of hobbies and reports on the rank of every single lead. They can see this data in different configurations, including Calendar View, and make move on them by booking alarms and arrangements. When managing clients, the field specialists can instantly grasp with queries, as their connection history with that client is effortlessly Open. Moreover, every single period a client does an installment or has a meeting with the specialists; they get an SMS as an affirmation of the engagement.

Both voice and content sources of information are transferred to and examined on the same backend stage in the organizations managerial office progressively. Here, the business supervisors screen the administration operation, make timely company decisions, and advantage from maximum visibility of field hobbies and progress. They can affirm client benefit asks for an in a matter of minutes, and communicate these decisions immediately to the agent. Moreover, business directors effectively make modified reports that assist help alongside procedures investigation and methodology detailing.

Using this alike period, the firms assembles and spreads new structures, alarms, and refreshes, and sends them to specific operators or group of specialists. Moreover, if a client inquiry comes into the organization's hotline, the management can path the query to the operator who is in charge of that specific client, enabling the agent to answer immediately.

The whole Mobility Solution is facilitated on the cloud, permitting the company to hold onto compensation-as you-develop ideal alongside boundless adaptability.

## ABOUT UNIPHORE SOFTWARE SYSTEMS

Uniphore Software System builds portable answers for companies' employs Multilingual Speech credits and Speech Biometrics in redid IVR and GPRS applications. Our innovations enable cell Voice investment for commercial Service Providers, content services for agriculture, Sales power Automation for FMCG and Retailers, and Healthcare and Education Companies.

Begun in 2008 alongside hatching support at IIT-M's rural knowledge and company Incubator, Uniphore's speech-based arrangements change company operations and contact. We join our discourse innovation

alongside GPRS and SMS periods, gaining each skill of the cell phone. As a conclusion-to-end resolution supplier, we have our offerings on the cloud, and promise that they are effortlessly coordinated into each third party framework.

## RESULTS

The managing NBFC revealed Out the resolution in the commencing of 2012. Inside only a couple of months, they are now describing great outcomes.

### Increase in Productivity

- Before requesting Uniphore's voice-based venture mobility resolution, an operator that deals were capable of procedure an average of 7 leads each day. Presently, utilizing their cell phones specialists are capable to go in and notify as countless as 15 leads per day, dramatically increasing their profitability.
- Additionally, in light of the fact that the rank of each client's file is notified progressively, the supervisor can track every deal, and will be alarmed if there is a momentous stay in pursue up. After the point, he will instantly inform the specialists, and proper measures can be seized immediately.
- These profits in efficiency over the company procedures of the firm possess converted into awesome increments in income acknowledgement for the organization and in addition more fulfilled workers.

The Senior Manager of IT of the company says: "What's astonishing is the means that how quick we saw these gigantic gains in efficiency efficiently. I believe that the credit should be given to the specialists were eager for utilizing the technology for the system, and they saw the advantages of it in their work, that it just seized off. We multiplied Our specialists' profitability in a month's period, and are sure that this is an awesome profit for our venture."

### Reduction of Costs

- The company is sparing prices from nearly each point. To begin with, instead of putting resources into a costly POS mechanism, the organization could capable to construct a versatile portability resolution on cheap element telephones. Furthermore, as field specialists by now a day utilized these component telephones consistently in their daily lifetimes, they could begin utilizing the application alongside small preparing. This experience stands out from that of their associates who to utilize innovative gadgets they possess ever even perceived observed.
- Field operators now a day accomplish significantly more in a solitary encounter alongside a client in light of the fact that the firm would now a day procedure data and return alongside choices to its specialists progressively. This possess decreased the average deals cycle radically, enabling specialists to bring a deal to a close in only two gatherings, down from four gatherings from some time recently. This diminishing in client visits straightforwardly translates to a cut in travels prices for the company by as far as 50%.
- The level of extortion in the NBFC's procedures possess gone down from 10% to an insignificant number since manual charging procedures are now a days substituted alongside online ones. Presently, the client signature is seized electronically and transferred consequently to the server, and the client gets a prompt receipt through SMS. This implies that the operator is responsible for those assets immediately, as opposed to at whatever point he reports their accumulation.
- In the end, the expenses related alongside the pen and paper procedures of collecting and selling possess been immediately decreased. In supplement to the reduction in the physical materials, the companies possess spared cash on their regulatory prices devoted to physically going the information that comes into the firms on forms. For instances, in their Chennai office, now a day's individual person takes the necessary steps of three in dealing with the receipts printed material paperwork.

### Enhanced Customer Service

- A extra effectual ability giver always converts into extra fulfilled clients. For this situation, the capacity for the executive to path questions from this general framework straight forwardly to the operator on their cell telephone implies that the specialist can answer to all the clients extra instantly. This possesses upgraded both client ability and additionally client trust and dependability on the organization.

## **MUTUAL FUNDS SIMPLIFIED, A SIMPLE AND EASY WAY OF INVESTMENT IN MUTUAL FUNDS THROUGH ICICIDIRECT.COM**

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### **ABSTRACT**

*Mutual Funds had arrived in India in the year 1963 along with the formation of UTI (Union Trust of India) through an act passed by Parliament, as an initiative of Reserve Bank of India and Government of India. The main reason for this was to mobilise the savings' money of lower and middle income group people and provide them with an opportunity to gain an asset in form of shares. The Mutual Funds and SIPs are long term investment instrument which helps an investor to gain wealth over a long period of time through compounding in interest and increase in the market value of the units in Mutual Funds Scheme.*

*Here the main problem faced by the Asset Management Companies is the lack of awareness about Mutual Funds Investment and the right way to invest without incurring any additional or avoidable cost. Majority of the new investors don't even know about the basic concept of SIP and Mutual Funds Investment and the benefits of investment in Mutual Funds or SIP Schemes. The another big problem is that the potential investors are not sure about the medium through which they should invest their savings' money into such scheme and expect full confidentiality.*

*This project report covers the concept of Mutual Funds and SIP, the benefits of investing in Mutual Funds and SIP, the new ways of investing in Mutual Funds through ICICI Direct online platform, that is, ICICIDirect.com, the new value added features in the website and the benefits of investment through ICICI Direct.com. Thirty-seven existing customers of ICICI Bank, having a trading account, have provided valuable feedback about the initiative taken by ICICI Securities to create awareness about investing in Mutual Funds through ICICIDirect.com.*

*Keywords:* Mutual funds, SIP, Investment, ICICI Direct, Asset Management Companies.

### **INTRODUCTION**

The main problem faced by the asset management companies in India, is the lack of awareness among the investors about the benefits of investment in Mutual Funds and SIP for long term growth and lack of awareness about the proper medium through which they can invest in such schemes. ICICI Securities Limited as one of the leading Asset Management company has taken an initiative of creating awareness about new ways of investing in Mutual Funds through ICICI Direct online portal ICICIDirect.com.

### **INDUSTRY PROFILE**

Asset Management Companies as an Industry is a part of financial service industry. AMC invests the pooled money of their clients into different schemes and securities that provide the clients with higher returns and/or capital appreciation keeping in mind the finance goal of their clients. AMCs provide their clients with several options, schemes and diversification for their investment and in return charges a small amount as commission or service-charge as a part of their revenue. This service fee is normally 1.5% of the total funds managed. AMCs are able to provide its clients with better investment or diversification because they have expert fund managers who are updated with market each and every second and at the same time they have huge pool of money to invest. AMCs does a lot of statistical analysis, market analysis, regression and trend series analysis in order to generate projections for recommendations. In India, Asset Management Companies (AMCs) are divided into three different categories. The first category is a Bank sponsored Mutual Funds, second category is private sector mutual funds, and the third category is mutual funds institutions. According to an article titled Asset Management Companies (AMCs) in India, published in the fincash resource centre, there are only forty-four AMCs in India as of the data of Feb' 2017. Thirty-Five of these Asset Management Companies are a part of the second category, i.e. private sector mutual funds, seven are a part of Bank Sponsored and remaining two are a part of mutual funds institutions. All registered asset

management companies are part of a not for profit organization AMFI (Association of Mutual Funds in India) which was formed in the year 1995.

### **COMPANY PROFILE: ICICI SECURITIES LIMITED**

**Table 1.1: Company Profile**

Company Name	ICICI Securities Limited
Founded In	1995
Industry	Asset Management Company
Parent Company	ICICI Bank Limited
CEO, MD and Director	Mrs. Shilpa Naval Kumar B.Com, PGDM
Chairperson	Ms. Chanda D. Kochhar B.A., MBA, ICWA, MMS (Finance)
Chief Financial Officer	Prashant Mohta
Country Head of Operations- Oman	Mr. Anupam Guha
Senior Vice-President of Client Banking	Mr. Mridul Mehta
Website	<a href="http://www.icicisecurities.com">www.icicisecurities.com</a>
ICICI Direct online portal	<a href="http://www.iciciDirect.com">www.iciciDirect.com</a>
Head Office	ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai – 400020 India
My Internship at Branch	ICICI Securities Limited, Gr, 1 <sup>st</sup> Floor, B-01A/07 Commercial Market, Sector-51, Noida-201301, Uttar Pradesh, India.
Branch Manager	Mr. Vivek Singh, CFP
Industry Guide	Mr Aditya Pandey, Manager Business Development

### **REVIEW OF THE LITERATURE**

Majority of the new investors don't even know about the basic concept of Systematic Investment Plan (SIP), Mutual Funds Investment and the benefits of investment in Mutual Funds or SIP Schemes. The another big problem faced by all the asset management companies (AMCs) is that the potential investors are not sure about the medium through which they should invest their savings' money into such scheme and expect full confidentiality.

Shah and Humra (2015) has focused on the beginning and evolution of mutual funds in India and given the full credit of this evolution to the household savings, favourable tax policies and regulatory framework, education campaigns and the role of distributors. Gowri and deo (2015) focused on the causal relationship between the MF returns and the GDP of India. The findings were that the MF (FOFs) has a positive effect on generating the long term savings for financing the investments and at the same time it could strengthen the country's GDP. Hada (2013) has focused more on measurement of the performance of mutual funds schemes from 1<sup>st</sup> April 2007 to 31<sup>st</sup> March 2012, keeping in mind the risk aspect and market fluctuations. They witness a huge transformation in the mutual funds industry in these years. FRPT (2016) studied the L&T Liquid Fund that is the dividend pay-out option of an open ended scheme of L&T MF. FRTP (2016) also studied the launch of close ended scheme of India's Reliance MF i.e. Reliance Fixed Horizon Fund XXI. Santhi (2005) made an attempt to evaluate the performance of 32 growth-oriented open ended Equity Linked Savings Schemes (ELSS) of tax-saving mutual funds in India and the findings were- all the funds showed

negative returns during 2008-09 and it was higher than that of the stock market index NIFTY. Roy (2014) found that the MF schemes have provided satisfactory returns to the investors but the fund managers have failed to reduce the magnitude of diversifiable risk. Mishra (2011) had studied the relationship between MF Investment flow and Stock Market returns and suggested that the stock market should be less volatile and more effective since it provide the best or highest returns to the investors. Sivakumar and Rajamohan (2012) examined the performance of MF schemes in India and they categorised the evaluated schemes as best, moderate or weak funds categories. FRPT (2016) provided an article about AMFI Plan related to the disclosure of distributors commission in account statement my MF Houses. Pande, Brijesh (2016) said that the digital customer story in India is set for a significant correction in 2017 because the e-com companies and start-ups have been over funded. Radha Sankar, David, Akula (2016) emphasized how Equity market bench mark is influencing the mutual fund subscription and redemption decision and had done some technical analysis using different models, and the influence had been found. Hnanasekar and Malini (2016) evaluated the performance of MF using risk return analysis and stated that the investors have made good returns in Mutual Funds. Yadav, Sudhakar, kumar (2016) had also evaluated the performance of the MF and stated that some of the fund attributes and macroeconomic factors affected the performance of the MF. Sathish, Srinivasan (2016) also conducted an evaluation of different MF schemes in India for 5 years and evaluated the performance using different statistical tools. Gupta, Mittal (2015) found that the AMC Industry is yet to spread its reach beyond tier 1 cities. 85% investments were from tier 1 cities. Roy, Ghosh (2012) evaluated the performance of open ended ELSS in India in 2008-2009 at the time of financial crisis and found that the overall performance was not satisfactory during that period of time. Narend, Thenmozhi (2016) has empirically shown that the index MF track their underlying better than the index exchange traded funds (ETF) but EFT have lower expense rate and had been considered attractive by the investors. **Meena (2015) studied the perception of rural investors about the distribution channel of MF and later suggested that an online option should be available for investment purposes.** Gupta (2014) studied the impact of asset allocation by fund manager on the portfolio performance and found that the performance was dependent on the asset allocation by the fund manager. Kar, Shil (2016) had done the comparisons of selected mutual fund schemes using risk return analysis and found that Reliance Pharma Fund –Growth is the best performing equity fund, Escorts Income Bond- Growth is the best performing debt funds and HDFC Balanced Fund is the best performing balanced fund, based on the last five years data. Kannan and Jaya (2014) had found that the main objective behind every individual to invest in MF is the high returns and tax benefits. And they choose to invest in that MF those brand name is well recognised. Choudhary, Chawla (2016) conducted Sharpe ratio and Treynor ratio analysis for evaluating the performance of large-cap fund schemes and had found that majority of the selected funds have outperformed as per these ratio. Hsieh and Yang (2010) analysed the behaviour of investors and the strategies of mutual funds and their impact, of all over the emerging Asian countries and found that the Asian market were highly attracted by the positive returns and money appreciation. It was also found that the positive feedback effect and herding behaviour exist in the Asian Market. Prabhu and Vechalekar found that the investors in India are not aware of advantages of investing in mutual funds. They have studied the perception of Indian investors towards the investment in mutual funds and identified some factors like liquidity, return, risk, company reputation, frequency of investment, income, safety, different schemes etc.

## OVERVIEW OF THE COMPANY

ICICI Securities Limited is one of the leading Asset Management Company offering n numbers of services related to securities, retail and institutional broking, distribution of financial products, private wealth management and most importantly the investment banking. Financial Institution, retail investors, corporates are some of the ICICI Securities' diversified set of customers, to whom ICICI Securities considers as India's true wealth and developing an informed access to them as their prime objective. ICICI Securities incorporated in 1995 has its headquarter in Mumbai and operates in sixty-six cities in India and have its presence in the City that Never Sleeps-New York, the Lion City-Singapore and US. In US, ICICI Securities Incorporation is the wholly owned subsidiary of ICICI Securities and deals in corporate advisory services along with securities in the US. ICICI Securities in US is an active associate of SIPC and FINRA. SIPC stands for Securities Investors Protection Corporation and FINRA stands for Financial Industry Regulatory

Authority. The branch of ICICI Securities that has its operations in Singapore is a part of US ICICI Securities Incorporation that is enrolled with MAS- Monetary Authority of Singapore.

### **MUTUAL FUNDS INTRODUCTION**

When we talk about investment, the safest fund which also provide high interest as well as capital appreciation is Mutual Funds. As the word suggest itself that it is a mutual fund, meaning a pool of money (fund) collected together by a fund manager from investors who have mutual or common financial goals or interests. Isn't it a very easy yet basic and fundamental definition of Mutual Funds? Yes, according to me its the first thing which comes to my mind when I hear about Mutual Funds Investment. It is an investment option available with many AMCs Asset Management Companies, that makes Mutual Funds an asset for its investors.

Mutual Fund has become cult in all across the globe including India. The most fundamental reason for this is that the investors find mutual funds as the safest, cost effective as well as an easy to invest in instrument for creating wealth as well as for keeping their savings safe.

Being safest is the primary goal of most investors, specially who are working professionals and have less time to catch up with market updates. But Mutual Funds also offers its customers the advantage to diversify their funds into different shares, stocks, as well as in different sectors. It is the best investment instrument for an individual investor for managing their funds and get ownership of a proportion of stocks which was very expensive to buy if invested in those stocks in particular. E.g.- one share of MRF Limited in NSE costs INR 68,898.00 as on 21 July 2017. So, just imagine now how much it is beneficial to invest in a mutual fund scheme which helps you to invest in such expensive yet best performing shares, which was hard or very expensive to buy earlier and was affordable only for very less investors.

Even students of any age group having saving from their pocket money can now invest in Mutual Funds Scheme as it is very simple and easy concept. A Mutual Fund is like a company (AMC) which appoints a fund manager who pools the fund of different investors to invest in diversified securities, these investors are the actual shareholders and their investment can be in money market securities, bonds and stocks as well as could be the combination all of the option stated here. The fund manager makes a portfolio for different debt or equity shares, whichever he thinks are the best performing shares or will perform extremely well in the future, and he as a professional invest the pooled money of the investors on different scheme according to the financial goals of the investors on behalf of them and mange their investments. These investors hold a proportion of share of the portfolio which is known as pro rata share. Since investors are the real shareholders of the investment they are entitled to profit earned on the sales of the securities and subject to the losses incurred on sales as well. As we have taken a case of students with savings from pocket money can also easy invest, so for the individual investor as a student, teacher, business man, and even house wife, Mutual funds provides an advantage of having a profession fund manager to manage their investment as well as to diversity their invested money in many stocks in order to minimise risk and maximise the possibility of having proportion of very expensive high performing shares which was not affordable to buy earlier. And the best part about mutual Funds is that the minimum money requirement in many mutual funds is very less that even a housewife or a student with savings from their pocket money could invest in Mutual Funds.

So we have got to know that mutual funds are safe and very easy option to invest in. Now about its nature, as we have discussed it is very diversified meaning the money is invested in various stocks or securities. As well as there is not only one type of mutual funds scheme, there are many focusing on different financial goals of different types of investors with different level of growth potential inversely related to the risk, yet the risk is very low as compared to investing in Shares directly.

### **OBJECTIVES**

- To understand what is a Mutual Fund and SIP.
- To make the existing customers of ICICI Bank aware about the new ways of investing in Mutual Funds through ICICI Direct online platform, i.e., ICICIDirect.com and to seek their feedback on the ICICI Direct online platform through a survey.

- To understand the various value added features in the ICICIDirect.com website.
- To understand what are the various benefits of investing in Mutual Funds & SIP through ICICIDirect.com.

### PROBLEM STATEMENT

Lack of awareness about mutual funds, SIP and the benefits of investing in mutual funds and SIP online through ICICI Direct.com. And to understand the various value added features in the ICICI Direct.com website

### LIMITATIONS

This case study is only limited to study the feedbacks of the existing clients of ICICI Bank, who have a trading or deemat account, and who resides or work in Delhi NCR area. This research paper focuses on only one online investment portal, that is ICICIDirect.com. Limited time was available to prepare the case study. This research work was done in 49 days including the weekends. Around 600 people were contacted via phone, out of which, 37 one to one meetings were successfully held and the feedback were collected. Some people were found to be unaware of what is a mutual fund and how to invest in a mutual fund, which is the main problem of our case study.

### ANALYSIS

As a part of thematic analysis we have categorised these 3 main categories into one simple theme, i.e. **Mutual Fund Simplified**, which includes :

- the appreciation by the clients for the initiative of creating awareness,
- provide scope of improvement and
- solve the main problem of lack of awareness among the existing clients of ICICI Bank.

These categories are connected to each other as they are supporting each other and explaining that investment in mutual funds have become easy and simple. Followed by SWOT analysis, using the feedbacks given by the clients. The main strength of the site is the user-friendly interface which offers convenience of time, full transparency and an ease in investment, maintained and redemption of investment because of the new value added features. The main weakness is the perception in the mind of people that ICICI charges high price, though this price is well justified with the value added features and site interface. ICICI Direct has the opportunity to grab a large share of market by making people more aware of the the benefits of investing in mutual funds through ICICIDirect.com. And the only threat is the competition that are offering investments schemes at low charges.

### SWOT ANALYSIS

SWOT Analysis of investing in mutual funds through ICICIDirect.com:

<b>STRENGTH</b> 1. an integrated platform for all three account. 2. Convenience of time. 3. Full transparency and user friendly site. 4. Faster transaction 5. New value added features in the site. 6. Ease in investment, maintenance as well as in redemption of investment.	<b>WEAKNESSES</b> 1. High charges as compare to competitors 2. Lack of awareness among the customers, about the ICICI Directs' web portal. 3. No humanly interaction untill and unless customer seeks support or visits the branch.
<b>OPPORTUNITIES</b> 1. If the company reduces its price to some extent, a lot of people may consider investment from ICICIDirect.com 2. Making people more aware about the benefits of investment in mutual funds through ICICIDirect.com, will attract more investors or people towards ICICI Direct platform. 3. Establish its market in the nearby cities, all across India.	<b>THREAT</b> 1. Growing competitions like zerodha. 2. Local brokers charges less fees. 3. Lack of awareness among public about ICICIDirect.com 4. Change in government policies which may have negative impact on investments, like increase in tax rates.

## **CONVERGENCE OF THEMES WITH SWOT**

This SWOT Analysis is prepared using the feedbacks given by the clients. The main strength of the site is the user-friendly interface which offers convenience of time, full transparency and an ease in investment, maintained and redemption of investment because of the new value added features. The main weakness is the perception in the mind of people that ICICI charges high price, though this price is well justified with the value added features and site interface.

ICICI Direct has the opportunity to grab a large share of market by making people more aware of the the benefits of investing in mutual funds through ICICIDirect.com. And the only threat is the competition that are offering investments schemes at low charges.

## **RECOMMENDATION FOR FUTURE RESEARCH**

This case study aims at improving the knowledge of the readers about mutual funds and SIP, and the benefits of investment in mutual funds, and the benefits of investment in mutual funds through ICICIDirect.com. We have listed down some feedback of the customers that we would like to provide as suggestions to the company. The demonstration video in the website should also be available in Hindi language, so that majority of the people can understand, suggested by Riyazuddin. In order to capture huge market in India, it should be available in different languages too, like Panjabi, Tamil, etc. ‘A relationship manager should be assigned to a new user’, suggested by Mansi Saini. Initially till the customer can feel confidence in investing online, a relationship manager could help these investors personally to make their first investment online. This site could include more details about mutual funds, suggested by Aditi Paliwal. A separate page for mutual funds could be linked to the site, which explains what are mutual funds and benefits of investing in mutual funds, what is a lock in period, expected returns, etc. ICICI Securities limited should make people more aware about the justification of the higher fees as compare to the competitors. This justification can be shown through the value added features like one click investment, fund of the month, ratings, SIP pause, SIP step up, till cancellation, SIP book, order book, portfolio, comprehensive reports, etc which are not offered by any other competitors. ICICI Securities limited should provide some online offers in order to attract more clients to make investments online. May be a separate investment page for students and housekeepers could be created that will entirely focus on students or housekeepers, and investments opportunities available with them aligned to their budget and financial goal.

## **IMPLICATIONS OF STUDY**

The purpose of writing this case study is to make the readers aware about the mutual fund as an investment option and ICICI Direct as a very beneficial medium for investment. Creating awareness about the online ICICI Direct online platform and the various value added features will attract more researchers towards exploring the online platforms for the purpose of investment. In future everyone will invest by themselves online without the help of any intermediary or middle man in between making investments more transparent, convenient and easy and also reducing any additional middle man fees that could be avoided and greater control over the investment could be achieved. Digitalization in the area of investment will change how the people think about investments in future, making investments as simple as buying any commodity online. Even a student with a pocket money can start investing in a SIP of 1000Rs. per month.

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## CASE STUDY: THE CURIOUS CASE OF HDFC N-47

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### ABSTRACT

*HDFC Bank is currently the number 1 bank in the private sector. HDFC Ltd. was incorporated in 1994 under HDFC Bank Limited and since then it has diversified into other finance products. Of many branches of HDFC Ltd, 2 such branches are HDFC Life and HDFC Securities, which deal with Insurance and trading of stocks, respectively. Organisational harmony between these branches is absolutely necessary for any organization to work properly. This case talks about how the business of HDFC is affected everyday due to poor harmony between the departments.*

*Keywords:* *Organisational disputes, Inter-departmental Disputes.*

### INTRODUCTION

To run any function or process smoothly, it is of utmost important that there is a mutual understanding between the various aspects involved. Productivity is lost if there is any hic-up in the process. Banks being a financial service industry rely on the clients for profitability and also on the performance of its employees.

### BACKGROUND

HDFC LTD. competes everyday with banks like State Bank of India (SBI) and ICICI. In the public domain, SBI is the biggest competitor of HDFC, with its high rate of interests and low minimum balance policy but where it offers high ROIs, it loses its client for higher service time. If one needs to get 2-3 things done, it should be assumed that a minimum of a day is required to get the proper service. Though SBI is trying hard to improve its services, but the attitude of employees towards “government job” is what anchoring it down. Private Banks emerged in the 1990s and tried to tackle with this problem head-first with their regular trainings programs. On an average, the service rate of SBI is five times slower than that of HDFC. HDFC prides itself on its service and so does ICICI. ICICI was a market leader in the banking industry till 2008, however with its impeccable service and easy policies, HDFC overtook him. Since then, there is a neck-to-neck competition between them.

To provide overall financial solutions to the customers, HDFC has segmented its operations. For every product or service, there are different departments. A product is any financial aid that an individual or a corporation needs, for example: Home loan, Personal Loan, Insurance etc. There are approximately 64 products of HDFC Ltd. and one can inquire about these products at their nearest branches.

Of many segments of HDFC Ltd, HDFC Securities is a brokerage firm and a subsidiary HDFC Bank (HDFC Sec). HDFC Securities provide all the financial aid related to the market. When an individual opens a DEMAT Account (Dematerialisation Account) with HDFC Securities, they provide the customer with a personal trader and broker.

### THERE ARE VARIOUS PLANS AVAILABLE WITH HDFC DEMAT SUCH AS

- 1299: The plan is for Rs. 1299, where the customer gets the benefit to do free of cost trading upto 2.5 Lakhs for 3 months.
- 1999: The plan is for Rs. 1999, where the customer gets the benefit to do free of cost trading upto 5 Lakhs for 6 months.
- 2999: The plan is for Rs. 2999, where the customer gets the benefit to do free of cost trading upto 9 Lakhs for 9 months.
- 5999: The plan is for Rs. 5999, where the customer gets the benefit to do free of cost trading upto 10 Lakhs for a year months.

If an individual increases a trading amount than Rs. 0.5 is the brokerage charges. The advantage of opening a DEMAT account HDFC Securities is that your Saving's account will automatically will be linked with you

DEMAT account and in case, one plans to cash-out the stocks or shares, the amount will directly be transferred in the saving's account. Normally it takes 22 signatures and 5 working days to open a DEMAT account, after it is processed. The form can be put on hold in any stages if signatures or account details do not match.

HDFC Life is another subsidiary of HDFC Bank which provides insurance solutions to individuals. All the plans of HDFC Life are customer-centric and individualistic. All the information regarding insurance and trading accounts can be obtained at the nearest retail branches.

Retail Banking provides banking facilities to individuals. It is all about sales these days, the more you are able to sell products of HDFC, the better incentives you get. To promote the product, every manager needs to be well acquainted with the product and its guidelines. It is this aspect, where SBI loses its hold as the employees are themselves not well versed with their own product let alone of the other departments.

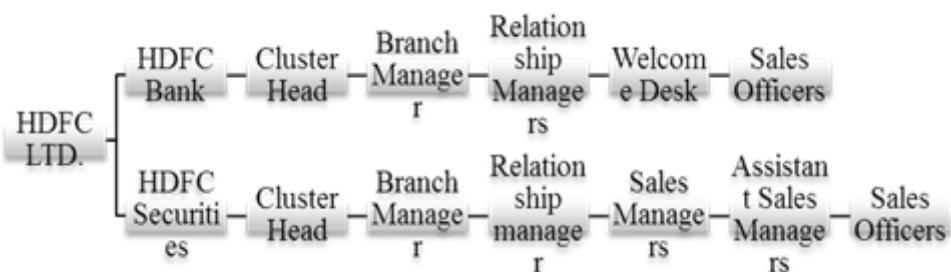
Along with products, HDFC has also segmented the customers according to their account balance. HDFC has 4 types of customers, PRIME (normal, regular customers), CLASSIC (who have to maintain a minimum balance of Rs.1 Lakh in their account), PREFERRED (who have to maintain a minimum balance of Rs. 2 Lakh, quarterly) and, IMPERIA (who have the limit of Rs. 5 Lakhs). Every type of customer (except Prime) is provided with a Relationship Manager (RM), generally known as the Classic-RMs or the Offered- RMs. Every branch of HDFC has individuals who are experts from a particular product and are employed by various departments of HDFC. Let's say that a Classic customer wants to get a personal loan as well as a credit card. The concerned Classic-RM will explain all the necessities to the customer and give the case to the deployed individual, who are also known as Sales Officers(So), from Personal Loan (PL) department, in the branch. The PL guy will then get all the necessary documents from the customer and his loan will be in process. A similar procedure will be followed for the credit card.

All the products of HDFC Ltd. follow the similar procedure. Different department of HDFC follow different rules and the deployed individuals answer to 2-3 seniors simultaneously. To sell the products, the deployed individuals usually maintain a harmony with the bank staff as bank staff generates "leads" and the deployed individuals convert them.

### **PROBLEM STATEMENT**

This is the case of HDFC CP branch where two situations are discussed about how the branch stopped responding due to inter-departmental disputes.

In February of 2017, the global head of a renowned MNC wanted to open a DEMAT Account with HDFC Bank. The financial year was soon coming to an end, and he wanted to transfer his ESOPs to his Indian account otherwise he would have to pay taxes. He was the Preferred customer and contacted the RM for the same. The RM explained all the details and transferred the case to the SO of HDFC Securities employed in the CP branch. This needs to be understood that though HDFC Bank and Securities work together, they are different departments and follow the different hierarchies.



The SO was new at his job and needed guidance, he approached his senior but the senior was relatively new at the job as well and the SO, instead of approaching the SM or RM of Securities, decided to handle things himself. The unsaid norms of HDFC indicates that if the client is great wealth-wise who is looking for a decent business then the case should be dealt with the seniors and not alone and if the customer has signed in the presence of a senior employee then in case of a missing signature, the employee can verify the details.

The SO got all the documentation done and the customer soon boarded the flight for the US. The form was later put on hold as a few columns were not signed. The SO approached the bank RM to discuss the details and the RM dropped several mails to Securities RM informing him about the situation. The Securities RM did not take the initiative to reply or to resolve the issue as he was adamant that the form should be completely signed and the customer should come back to India.

In the end, in April 2017, when after 2 months the account wasn't opened; the customer came back to India after paying taxes on his ESOPs and requested the current situation. He was then very unhappy with the services of the HDFC and contacted ICICI as he holds an account in ICICI as well. The ICICI processed the request and the account was opened within a week. Needless to say, the RM of HDFC Bank wasn't much pleased with the securities. After the shocking loss of Rs. 10 Crore, the branch decided to remain inactive in DEMAT Account.

The second situation is about the employee of HDFC Life who was deployed in HDFC Bank CP branch. HDFC Life deals with insurance and the SO of Insurance was recent graduate from one of the top B-Schools in India. He had a work-experience of 4 years in an IT firm after which he decided to pursue MBA in Finance and joined HDFC Life as a Sales Officer, Insurance. The Branch's environment was friendly and it didn't reek of politics. The officer was assigned this branch in June of 2017. The branch was marginally active in Insurance, before he joined and maintained a healthy relationship with HDFC Life as well as with the last Sales Officer of Insurance. In the month of June, the business of the branch was running low, with people on vacations and enjoying their summer breaks. But the branch maintained their spirit with their healthy banter and engaging in other banking tasks. The SO was getting restless day-by-day due to 0 Insurance policies sold and thus he approached the RM for the same. The RM tried to calm him and promised to sell at least. Within next 2 days, the RM got 2 of his preferred customers insured. The approached the other employees, they all agreed. The staff would take the SO with them on calls but would come back disappointed. The Branch Manager(BM) kept observing this and asked the same in one of their daily meetings. It was found that the SO insisted on explaining the policies himself but when asked, he lacked knowledge and experience for same. Thus the clients didn't want to invest money in something they felt was sold "by a child." When other staff members tried to help him, he would complain and an argument followed. By the end of June, the SO had managed to get under everyone's skin with his complaints and rigid behaviour.

The RM requested the SM of HDFC Life to transfer the current SO some other branch. HDFC Life tried to talk to the SO but he was adamant and rigid in his ways. Ultimately the branch decide to remain inactive in Insurance for the month of July as they avoided him and him they. The coldness was a mutual.

When observed, it was seen that similar problems have been faced in the past. Regular counseling, trainings were the mild solutions which were soon followed by transfers and in some cases, termination.

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## **THE EFFECTS OF DEMONETIZATION ON SURYA BUILDERS & BUILDERS (REAL ESTATE SECTOR)**

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### **ABSTRACT**

*Demonetization is a major decision was taken by the India Government. This step was taken to resolve the issues like corruption, black money and counterfeit notes. Indian Real estate sector has affected deeply because there is involvement of cash in the transaction. The investors and end users were vanished from the market and sales had stopped for few weeks. Hence, the focus of the company has also shifted towards end users more because now the investors cannot buy a large number of property due to shortage of cash. Prices are coming down to as much as 25 – 30% to tide over the crisis. But the Demonetization has a positive effect that is Interest Rate has reduced due to the huge cash inflow in the banks. Due to which a person is able to buy his dream house with greater ease and at affordable price. Before demonetization, some unorganized builders and developers are not transparent and accountable to the people. Sometime, clients faced a little problem because there was delay in transfer the possession of under constructed house. After Demonetization, builders and developers will become more transparent and accountable to the people. This online business of Real Estate will provide more transparency between builders and clients. This move of demonetization along with the Real Estate Regulatory and Development Act, 2016 will increase the confidence of investors and customers across all over the world in the real estate sector.*

*Keywords:* Demonetization, Investors, Real Estate.

### **INTRODUCTION**

The term demonetization is characterized as the way toward pulling back a specific money unit from economy. The Government of India took this decision to cleanse the Indian monetary system and to remove the black money from the Indian economy.

On eighth November, 2016 Mr. Narendra Modi, Prime Minister of India announced that the five hundred and one thousand rupee notes will never again be legitimate delicate from midnight. The RBI issued Two thousand rupee notes and new notes of Five hundred rupees which were put available for use from tenth November 2016. Notes of one hundred, fifty, twenty, ten, five, two and one rupee remained the lawful delicate and stayed unaffected by this decision.

This step was taken to resolve the issues like corruption, black money and counterfeit notes. Due to this the Indian Real estate sector has also affected deeply because there is involvement of cash in the transaction. The demonetization has quite shaken the real estate sector completely.

Prices are coming down to as much as 25 – 30% to tide over the crisis. ( Selvan, Radhakrishnan, & Kumar, 2017)

Not only Secondary as well as Primary Real Estate sector is influenced by demonetization as it included huge transactions of cash. It was a two sided impact first is the fleeing of the labourers from the under construction sites.

This is because the labourers were not got their payments in new currency, though the contractors had adequate balance in their banks but they were not able to withdraw it due to the restrictions on the number and amount of transactions every week.

The other one was the new bookings were not happening or virtually zero. But this bold step of Indian Government will surely help real estate sector in the long run.

The construction industry contributed about 8 – 10% in the Gross domestic product and furthermore offers work to around 40 millions of individuals both directly as well as indirectly. The demonetization has caused the stoppage of work in a number of projects.

With the decrease in the unaccounted cash, Developers and Builder's focus would shift to the end customers or users rather than investors. Investors are the people who buy a lot of properties from the builders and sold it to the real users with the higher price.

But after the demonetization the investors are disappear from the market because of shortage of cash and the end customers will enjoy the benefit directly. This move of demonetization would result in decrease in the lending rates thus give affordable housing for all.

According to an estimate, in next one year after demonetization, prices of the real estate properties will increase upto 20% because of builder's new project go with slow pace and also with the introduction of new regulatory bills and increase in input cost.

With the demonetization the unscrupulous activities and black money involvement will be reduced in the real estate sector. And the builders will deliver their projects on committed time and accountability and transparency will be throughout the project.

This move of demonetization along with the Real Estate Regulatory and Development Act, 2016 will increase the confidence of investors and customers across all over the world in the real estate sector.

## **BACKGROUND**

The Real Estate sector is classified as Residential real estate sector and Commercial real estate sector. When a customer purchase property to reside and live in, it is known as Residential real estate.

When a customer purchase property for commercial purpose, then it is known as Commercial real estate. In Residential Real Estate, the primary sale is largely impacted by home loans and finance, and deals are more transparent.

Primary Sales, Resale and Land Transaction – these are the three broad real estate investments areas. Primary real estate market is the market in which builders and developers directly sold fresh inventory to the buyers.

Effect of demonetization on primary market is very less. This is due to the fact that this market is driven by home loans which usually has transactions with minimal cash component.

So, the chance of decrease in the price of new property is very low because of demonetization. This is because, the builders and developers asked a reasonable prices from their buyers. Their aim is to maximise sales with the sufficient profit. This market is also a big attraction to the buyers who are buying homes to reside and live in.

The Resale and Land transaction market is also effected by demonetization as it had a major cash transactions in purchasing and selling the properties. In medium and short term these markets will see some trouble deal and high value property have a higher price corrections.

In commercial real estate, there will be a minimum impact on office / industrial leasing and transactions business, given that cash components do not play a significant role in such transactions. (WFM, 2016)

In the short-to-medium term, Retail Real Estate could see some impact on their business due to decrease in cash transactions. This is because of the high amount of black money is accepted in this segment. However, credit cards, debit cards and e-Wallets should help in this circumstance.

A major shift could be seen from unorganised projects to organised projects. Presently individuals concentrate on quality ventures whose installment structure is known and clear, this leads to increase in the volume sale.

With the economy going clean and transparency coming in, India is now inching towards global standards and best practices in real estate transactions. (Singla, 2016)

Many developers have tie-ups with lenders which makes it easy for buyers to make the payments. In the primary market, a fair amount of transactions take place through mortgage route, hence further cushioning the effects of currency demonetization.

Surya Builders and Developers, a Real Estate organization, is a recognized name in building edifices of global standards that drive strength from dedication and commitment. The organization is focused on reliably giving uncompromising quality, excellent value for money & high return on investment opportunities to every customer. Surya Group Real Estates have put in number of years in Building trust with their investors, financial specialists and customer satisfaction is their primary goal.

An ecofriendly group housing complex named Surya City will offer affordable luxurious homes in different blends besides Plots, Villa, Flats, 2 BHK, 3BHK luxurious Apartments. A private club, all around composed Parks, Recreation center, Tennis court, Spa and so on will give extra liberality to the residents.

Surya Builders and Developers is committed to explore new dimensions to accomplish clients, new methods of doing business and the utilization of new technologies. They believe in creating home based on an understanding of consumers, needs and preferences that's why they have a long list of satisfied customers.

But the Demonetization has a positive effect that is Interest Rate has reduced due to the huge cash inflow in the banks. Due to which a person is able to buy his dream house with greater ease and at affordable price.

### **PROBLEM STATEMENT**

Demonetization has two sided impact, first is the flee away of the labours from the under construction sites. Because they were not got their payments in new currency, however the contractors had adequate adjust in their banks yet they were not ready to withdrew it as a result of confinements on the number and amount of transactions every week. The other one was the new bookings were not happening or virtually zero.

Demonetization affect the Surya Builders & Developers in such a way that the investors and end users were vanished from the market and sales had stopped for few weeks. Hence, the focus of the company has also shifted towards end users more because now the investors cannot buy a large number of property due to shortage of cash

### **SUGGESTED OUTCOMES**

Surya Builders & Developers came with a solution to reach end user in the way that the sent personalized computerized Whatsapp message and SMS to a large numbers of people.

This was done under Digital Marketing. This was done to create the awareness among the people. This digital Marketing project at Surya Builders & Developers was a very good start to create awareness about their new project to large number of people.

Demonetization has reduced cash flow in the Real Estate Industry and henceforward the immediate sales was hit very badly at Surya Builders & Developers.

Majority of people thought that Real Estate Industry is running slowly but it will revive in short to medium term.

The reason behind this is Secondary Real Estate market uses a large amount of cash in transactions and due to demonetization there is cash shortage. Another reason is overall class of investor vanish due to shortage of cash who buys the property in a lot from builders.

They also hied a completely new marketing team of 5 people.Their responsibility is to reach the every possible customer directly so as to provide the information about their upcoming projects.

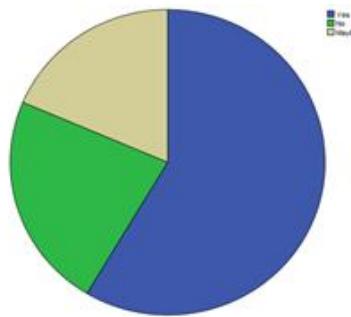
Most of the people think that it is easier to buy a home at affordable price after demonetization than before it. This is due to the investors were vanished from the market who are the major customers of Builders. They buy the property from the builders at some reasonable price and resale it when the prices increased.

In long term this move of demonetization will revolutionize the industry and people will shift towards online transaction methods for dealing in real estate industry rather than the traditional method of cash transactions.

This online business of Real Estate will provide more transparency between builders and clients. It will also help the Real Estate market to grow globally. So, the trend of traditional cash transaction will replace soon by online system and dealing will become more transparent.

### **IMPLICATION**

Due to demonetization, Secondary Real Estate market is deeply affected because of huge cash transaction are involved in this market. The effect can also be seen in Primary market as for first few week sales was just stopped. The investors are vanished from the market.



Buying behavior of people after Demonetization

Due to this, the Builders' and Developers' focus shift towards the end users now as they are the real buyers. Now, it is easier to buy a home at affordable price after demonetization than before it because the interest rate is coming down.

Before demonetization, some unorganized builders and developers are not transparent and accountable to the people. Sometime, clients faced a little problem because there was delay in transfer the possession of under constructed house. After Demonetization, builders and developers will become more transparent and accountable to the people.

This online business of Real Estate will provide more transparency between builders and clients.

This move of demonetization along with the Real Estate Regulatory and Development Act, 2016 will increase the confidence of investors and customers across all over the world in the real estate sector.

The Builders and Developers focus on the end buyers. And to increase the sales they come up with new and innovative marketing scheme for the end customers. This will surely improve the declined sales in Real Estate.

They should be more transparent and accountable towards buyers.

They should focus on online business of Real Estate as it is the near future of Real Estate Industry all over the world.

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## **PORTFOLIO CONSTRUCTION - HUMAN ADVISORY V/S ROBO ADVISORY**

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### **ABSTRACT**

#### ***Financial Planning as part of Wealth Management***

*Today's investor is desperate for certainty in this uncertain financial world. Everyone is looking for rigorous and practical advice, advice to have superior profits. What is required is a set of principles and strategies that one should follow so as to have effective returns.*

*Investing is hard but not as most people think it to be, it does not require a juicy tip or brilliant intuition but, instead, an appreciation of the wisdom of a great mind, Benjamin Graham. Graham wrote more than 60 years ago "The investors' chief problem - and even his worst enemy – is likely to be himself", just highlighting the fact that emotions and instincts have to be overcome.*

*People generally invest without goals and that is where they fail to answer the 'WHY' question and focus on 'HOW' question. Everyone is there to make money but for what, this is where planning comes into play.*

*Financial Planning is a service that helps individuals and families to achieve their personal objectives through the construction of an appropriate financial plan. The financial plan represents the journey from where individual is at present and where one wants to be.*

*Financial planning is not for the super rich people but a systematic way of planning one's cash flows, so that they are available when one is in need. It's not about just money but about needs. If a person is 25 and saving for retirement that's 40 years off, he should structure the investments in one way. If he is 70 and need regular income, he should structure them in another. If he 30 and is raising money to buy a house in few years and have a trip around the world by the time he is 35, the investment strategy will be completely different. It is not about filling the interminable forms to assess the risk aversion level or listing the monthly expenses but about having concrete objectives that one wants to achieve in life.*

*A big topic of conversation these days seems to revolve around the possibilities of artificial intelligence (AI) and robotics. Autonomous cars are front and center, with several tech companies falling all over themselves to be the first to mass market driverless cars. Smart phones are no longer the next big thing, but part of our everyday lives, even though we depend on our children and grandchildren to help us operate and maintain.*

*In the investment world, the "fintechies" (financial technologists) want us to believe that a robo-advisor can and will replace a professional financial advisor.*

### **INTRODUCTION**

#### **ROBO-ADVISOR MEANS**

There are many definitions of what exactly "robo-advisor" means. To put it simply, a robo-advisor is a method to automate the asset allocation of investments via a computer algorithm. In a broader sense, a robo-advisor may also include human financial advisors but only for services that require human assistance (e.g., taxes, retirement or estate planning).

Overall, the rise and interest in robo investing services a "good thing," pushing down the costs of high-fee. Wall Street advisors that offered no real value and, if anything, were a drag on returns. This is a great thing in any competitive marketplace. In addition, these firms are helping individuals with goal setting and asset allocation — when they typically have no clue where to begin.

As with most anything, **one size does not fit all when it comes to financial advice.** This space filling the need of most beginner investors and investors with uncomplicated financial portfolios.

But is robo investing right for you? That depends upon your net worth, the complexity of your investments and whether you feel comfortable enough to do it yourself.

Firms like Wealthfront focus on the end goal and are ideal for individuals who don't care or who don't want to learn about the details of investing. For these individuals, the 25 basis points (otherwise known as a 0.25% annual fee) or less they pay is well worth the fee and in many cases much better than hiring a Financial Advisor - in terms of both cost and good financial advice.

The online tools robo-advisors offer aren't new, though. Traditional financial advisors had the same tools available to them for years and could roll up a personalized asset allocation plan specific to you. Like self-checkout at Home Depot, this is pushing the technology down to the masses. You have direct access to manage your account, and it removes the no-value-added middlemen.

Some financial advisors can add tremendous value. They can give guidance to the asset allocation best for you based upon unquantifiable factors, which computer programs can never do. But this is more the exception than the rule.

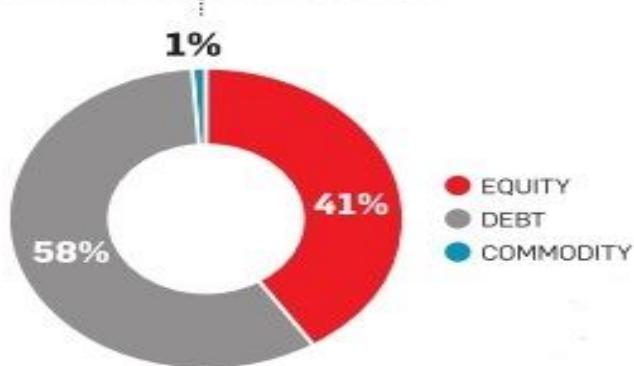
Financial advisors can give recommendations about long-term life decisions (e.g., helping plan for a child's education through a recommended action plan). In fact, some of the robo-advisors are just tech-assisted firms and not 100% automated. If you want it, the human element is not completely removed from the loop with some of these firms.

**So, this brings us to the OBJECTIVE that is to understand if Robo Advisors can compete with Human Advisors.**

#### CASE PROBLEM



#### CURRENT ASSET ALLOCATION



*This is the broad classification of the investor's existing asset portfolio, where commodity is gold.*

Mr. Kumar aged 30 and holding position of CEO of Law Firm with a 10 Cr Annual Turnover has an Investment Time Horizon of 10 years with a Moderate Risk Profile. His current asset allocation stands at 58% Debt, 41% equity and remaining 1% as commodities.

So, Should you shift to the new option available or stick with your traditional adviser.

They are everywhere, the tech trojans, throbbing with the Net power and taking over every aspect of our lives.

Smartphones and watches, computers and cameras, all are driven by technology . Financial lives are not untouched either. From Net banking to mobile wallets, online bill payments to booking tickets, monetary transactions have undergone a sea change. Little wonder then robo-advisers are stomping in, vying for a chance to shape our personal finances as well.

Robo-advisers are online wealth management services that provide automated, algorithm-based advice without human intervention. Can you rely on robo-advisers to provide sound financial advice? Or is the friendly neighbourhood planner still your best bet? We try to find an answer to these questions by revealing how these platforms work and whether they suit your needs.

### **TYPES OF ROBO-ADVISERS**

Currently, there are three types of advisory services available in the country--basic, advanced and evolved. Arthayantra, BigDecisions, FundsIndia, Scripbox and MyUniverse are the prominent players in this arena.

#### **Basic**

The first type is not a full-fledged robo-advisory service since it only assists in designing a portfolio of mutual funds. Simply put, these portals use algorithms to recommend a basket of mutual funds and enable you to start investing through them. These schemes are recommended on the basis of internal models that crunch relevant numbers to identify the best funds.

#### **Advanced**

Under this category, the services bouquet grows, with platforms like FundsIndia and MyUniverse providing curated recommendations suited to the user's risk profile.

#### **Evolved**

This final category of roboadviser assists in the online creation of a comprehensive financial plan, not merely a customised portfolio of mutual funds. Arthayantra is a prime players here. To generate a plan, the portal asks for relevant financial and personal details. It then provides a questionnaire to assess the user's risk tolerance level, specify life goals, identify time frames to achieve the goals, and helps ascertain the corpus needed. Based on the inputs, the program identifies the optimum asset allocation, recommends investments across asset classes, and suggests insurance covers as well. It also helps in linking the user's existing investments with different goals and points out if he is on the right track to achieve each goal.

Given the ease of management, should you opt for robo-advisers? Consider these benefits and drawbacks.

### **ADVANTAGES**

#### **Low cost**

The USP of robo-advisory platforms is the significantly lower cost compared with a human adviser. While the latter offer services for `15,000 to 25,000, or 1-2% of the client's assets, a robo-adviser is much lighter on the wallet. Arthayantra, for instance, charges as low as `1,000. FundsIndia, Scripbox and MyUniverse, currently charge no fee at all, relying on the commission earned by selling mutual funds for their cash flow. BigDecisions earns its revenue from exclusive tie-ups with other service providers.

#### **Easy interface & convenience**

The robo-advisory platforms offer a very simple interface, which makes using these a breeze. There is also a high degree of convenience. Compared with the vexing problem of identifying a competent and trustworthy financial planner, the task of locating a roboadviser is easy considering the limited number of players in the market.

Besides, they facilitate design, execution and maintenance of the portfolio or financial plan from the comfort of your home or office. You can initiate investments without a physical visit to submit documents or meet the adviser. It is also easy to keep track of investments. The account provides a summary of all investments, unrealised gains or losses, allowing for assessment of capital gains, and also lists historical transactions. Switching between funds, rebalancing the portfolio and withdrawing money is also hassle-free. Users are alerted if there are any changes needed in the portfolio, which can be executed at the click of a button. Limited bias and subjectivity: A big benefit is that it is not affected by biases that creep into human decisionmaking. A machine determines your optimum asset allocation by considering the numbers fed into it. It will not design a portfolio that is skewed towards any favourites or direct you to invest in flavours of the season. It also does not succumb to greed or fear. No asset size bias: For many youngsters with low net worth, it is not easy to find a good financial adviser. This is where robo-advisers, with their low entry barrier, can step in. Being driven by technology, they have no qualms serving investors with small balances.

## **SHORTCOMINGS**

### **No holistic solution**

While robo-advisers can help you design a portfolio and plan for goals, they cannot offer valueadded services. Though making an investment plan to meet goals is a key part of financial planning, it is not the entire process. Budgeting, tax optimisation and estate planning are other important aspects that are facilitated by traditional advisers.

### **Lack of flexibility**

A financial plan should evolve with changing circumstances. Robo-advisory services are illequipped to guide individuals through such changes. A traditional adviser, on the other hand, will be in a position to hand-hold the person and navigate a potentially rocky financial terrain.

### **Limited customisation**

Most robo-advisers claim to provide tailor-made solutions based on risk profile. While this is true, there is a limit to the extent of customisation. A robo-advisory firm typically has a limited number of risk profiles that are used to categorise clients. These may not be perfectly suited to the user's situation. For instance, someone nearing retirement may be directed to switch investments to less risky debt instruments. This may be ill-advised if the person has sufficient cash flow in pension or interest income.

## **SHOULD YOU PICK A ROBO-ADVISER?**

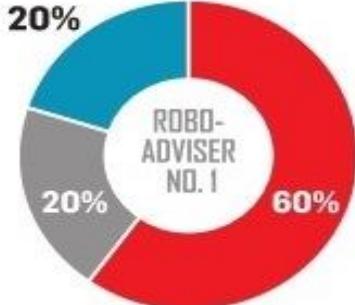
The sheer convenience offered by these platforms at an incredibly low cost opens the door for ordinary investors, who would otherwise struggle to get access to quality financial advice.

However, it will be difficult for roboadvisory platforms to earn the customers' trust. After all, an investor is counting on a faceless entity to provide sound financial advice. It will be difficult for him to be comfortable dealing with an adviser he cannot meet.

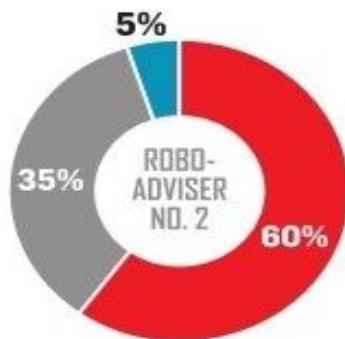
However, in an industry where integrity of advice is often questionable, automated platforms introduce a high degree of transparency. Manish Shah, Co-founder and CEO, BigDecisions, says, "Investors want to take advice from someone who is not only high on knowledge quotient but can also be trusted to keep the consumer's interest above everything else. Automated advisory platforms offer both in abundance."

For now, the big gap in financial advisory services will ensure that roboadvisers get their share of attention from a section of investors. However, as personal investment needs evolve and assets multiply, a traditional adviser would act as a better guide. The investors who cannot access good quality financial advice should consider these platforms as a starting point for investing. At a later stage, they can approach a financial adviser for more sophisticated and customise

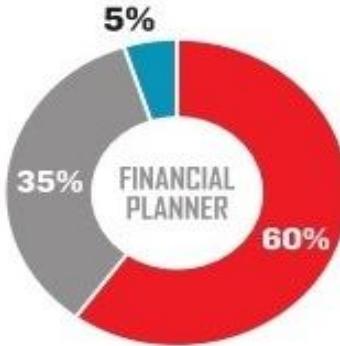
### ASSET ALLOCATION OF MR. KUMAR BY DIFFERENT TYPES OF ROBO ADVISORS VS HUMAN ADVISOR



*This robo-adviser offers the basic services of mutual fund portfolio construction with a basket of pre-selected funds.*



*This robo-adviser is evolved and in addition to asset allocation, offers comprehensive advice on goal-linked investments and increasing savings to reach goals.*



*The traditional financial planner's recommendation is comparable with that of a robo-adviser, but comes with the reassurance of one-on-one interaction and reviews.*

### QUESTIONS

1. So who would you like to design your portfolio, a robot or a human?
2. Is robo-advisory the future of wealth management industry?

## **Part - 3**

# **Human Resource Management**

## **IMPLEMENTATION OF MINIMUM WAGE REGULATION AT RITES LTD.**

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### **ABSTRACT**

*Workers and Unions in the RITES (Rail India Technological and Economic Services) Ltd. often questioned the effective wage rates in the Company and compared them with that of other Companies in the same area or other areas in the State or even with that of Companies in other States which resulted in controversy and disputes between workers and employers. Hence, there was a need to properly understand the concept of implementation of the minimum wages, the rational, objectives, coverage and technical details of the implementation process in order to achieve the objectives of The Minimum Wages Act, 1948.*

*The objectives of this case study were to understand the extent of application of The Minimum Wages Act, 1948 in RITES Ltd, to understand the level of compliance with minimum statutory wages in RITES Ltd and to improve the implementation of the act in the Company in order to achieve the objectives of the Act. The study covered topics like the need and importance of labour laws, a brief account of labour laws in India, the constitutional framework of labour laws. It also defines various standards for setting minimum wages under The Minimum Wages Act, 1948, the concepts and definitions and the penalties prescribed under the act. The distribution of permanent (non-executive) workers in RITES Ltd., the wage rates and mode of payment followed in the Company, the effective wage rates in the Company was analysed via this study. It focused on the level implementation of The Minimum Wages Act, 1948 in the Company and the importance of inspection and maintenance of records and*

*After comparing the data collected regarding the distribution of Employees, the effective wage rates, the mode of payment, the pay period, inspections and maintenance of registers and records with the requirements of The Minimum Wages Act, it was concluded that the level of implementation and compliance with the Act, registers. 1948 at RITES Ltd. was up to the mark.*

*Keywords:* Appropriate Government, Cost of Living Index, Dearness Allowance, Scheduled Employment.

### **INTRODUCTION**

On 23<sup>rd</sup> May 2017, the General Manager (Personnel and Administration) of RITES Ltd. Mr. Ved Prakash along with Deputy General Managers (Personnel and Administration) Ms. Amita Sidana and Mr. Ajeet Asthana in light of the resentment and disputes caused by the workers and unions in relation to the effective wage rates in RITES Ltd. decided to conduct a study in order to properly understand the concept of implementation of the minimum wages, the rational, objectives, coverage and technical details of the implementation process in order to achieve the objectives of The Minimum Wages Act, 1948. The emphasis on the enforcement of Minimum Wage Regulation was also aimed at helping understand other policies and regulations relating to various Labour laws applicable in the company where implementation and compliance were crucial.

Minimum wages are the lowest compensation that employers can legally pay their workers and the workers cannot offer their labour below this minimum value. Minimum wage laws have found place in many jurisdictions, although there are differences of opinion about the advantages and disadvantages of minimum wages. While the advocates of the minimum wage have a view point that it positively affects the way of life of labourers, limits neediness, diminishes imbalance and improves their morale. The opponents of the minimum wage have a view point that it increases poverty, leads to unemployment and harms businesses, because excessively high minimum wages require companies to increase their prices or services.

In India, the Central Government along with the various State Governments have legislated very extensively on labour issues resulting in multiple wage rates between the "Centre" and "State", as well as between occupations which causes issues in the proper implementation of minimum wages. The minimum wage affects wage distribution in the labour market and is a controversial political issue and object of controversy between the government, organizations of workers and employers. The Minimum Wages Act, 1948 provides

for the establishment of “statutory rates” of minimum wages in certain occupations in order to avoid exploitation of workers. The execution system can function efficiently, only if the provisions of the Act are properly implemented and the workers have knowledge about the minimum wage rates prescribed by the law. In addition, they should be aware of the remedies they can avail and when can they turn to law enforcement officials if there is a breach of the provisions. Hence, it becomes important to understand the concept of implementation of the minimum wages, the rational, objectives, coverage and technical details of the implementation process is therefore important to be understood to appreciate the reasons for the application of minimum wages.

## **BACKGROUND**

RITES (Rail India Technological and Economic Services) Limited is a Public sector Company which specializes in the field of transport infrastructure and engineering consultancy. RITES Ltd. was set up by the Government of India in 1974; the organization's underlying target was to give counselling administrations in rail transport administration in India and abroad. RITES has now ventured into other areas and provides planning and consultancy for airport infrastructures, port infrastructures, roadways and urban infrastructure planning. The company has executed projects in more than 62 countries in each major continent. As of 2011, it was executing projects in more than 30 countries. RITES Ltd. generated a turnover of Rs. 1294 crores in the financial year 2015-16 as compared to Rs. 1166 crores in the previous year 14-15.

RITES Ltd. Functions over 11 departments and currently employs a total of 696 permanent (non-executive) workers out of which 245 are skilled workers, 241 are semi-skilled workers and 210 are unskilled workers. Out of the total permanent (non-executive) workers 636 are male workers and 60 are female workers.

## **PROBLEM STATEMENT**

The minimum wage Act, 1948 is one of the main instruments used to manage wage distribution in the labour market. However, because of its potential redistributive effect, establishing a minimum wage as a policy issue is controversial political issue and a controversial subject between the government, organizations of workers and employers. Labour is a valuable resource and it is time the interests of workers should also be protected. There is a need to reform labour laws but not at the expense of social welfare and safety of the workforce. Workers demand better conditions to improve their standard of living. The purpose of this study is to understand the concept of implementation of the minimum wages, the rational, objectives, coverage and technical details of the implementation process for appreciating the reasons for the application of minimum wages in order to improve the process implementation of the act in the Company in order achieving the objectives of The Minimum Wages Act, 1948.

Existence of multiple wage rates between the Centre and States, as well as between occupations resulted in divergence in minimum wages and this caused issues in the proper implementation of minimum wages. Workers and Unions often questioned the effective wage rates in the Company and compare them with that of other Companies in the same area or other areas in the State or even with that of Companies. Lack of Awareness among workers regarding provisions of the Act is was also a factor which was causing a hindrance in proper compliance with of Minimum Wages Act, 1948.

## **SUGGESTED SOLUTION**

To ensure the achievement of the objectives of the Minimum Wage Act of 1948, improvement of the level of compliance among employers is important. Steps like mandating Employers and Organizations to provide details related to compliance with The Minimum Wages Act, 1948 is important for proper implementation of the Act. Strict regulation of compliance with the law can be ensured by increasing the penalties imposed by the court along with ensuring rapid elimination of cases related to labour and workers. Heavy and on the spot fines should be imposed if any discrepancies are found. Compliance with minimum wages may be improved if employers have access to one window authorization to file all statements related to labour law. The “Dearness Allowance (DA)” should be made a part of the minimum wages in all occupations and the “DA” be linked to the “Consumer Price Index” to protect the workers from the effects of inflation. Creation of awareness between employers and the workforce regarding the minimum wages prescribed by law is essential.

## **IMPLICATIONS**

In recent times, there has been developing interest for the role played by minimum wages in promoting social equity by enhancing the lives of low-paid workers. Minimum wages, if set and worked effectively, can play a valuable part in decreasing imbalance in the Minimum Wages help the workers to achieve a basic standard of living including good health, self-esteem, well-being, education and provide for any emergency along with job security, it helps in creating employment initiative amongst workers, it also make the hiring process easier.

The Minimum Wages Act, 1948 is the principle regulation used to manage wage distribution in the labour marketin India.The Minimum wage regulation requires involvement of employers, workers and trade unions. One of the ways to set the strategy on wageratesare is through negotiations and settlements amongst employers and workers. In some cases were where the workers are powerless against mistreatment because of lack of education and lack of bargaining power, the involvement of the government becomes necessary.The Central Government along with the various State Governments also make legislations very on labour issues resulting in multiple wage rates between the “Centre” and “State”.

The main problems caused in the proper implementation of the act are due to the existence of multiple wage rates between the Centre and States, as well as between occupations, workers and unions often question the effective wage rates and compare them with that of other Companies in the same area or other areas in the State or even with that of Companiesin other States.Lack of Awareness among workers regarding provisions of the Act is was also a factor which was causing a hindrance in proper compliance with of Minimum Wages Act, 1948. The prescribed penalties for non- obedience are also very low, they need to be increased in order to discourage employer to contravene the provisions of the Act. Hence, there is a need to not only improve the implementation of the Minimum wages but also to change the whole perspective towards Minimum wages.

Steps like mandating Employers and Organizations to provide details related to compliance with The Minimum Wages Act, 1948 is important for proper implementation of the Act.Strict regulation of compliance with the lawcan be ensured by increasing the penalties imposed by the court along withensuring rapid elimination of cases related to labour and workers.Heavy and on the spot fines should be imposed if any discrepancies are found.Compliance with minimum wages may be improved if employers have access to one window authorization to file all statements related to labour law.The “Dearness Allowance (DA)” should be made a part of the minimum wages in all occupations and the “DA” be linked to the “Consumer Price Index” to protect the workers from the effects of inflation.Creation of awareness between employers and the workforce regarding the minimum wages prescribed by law is essential.

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## PROBLEMATIC TRAINING

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### **ABSTRACT**

*The Case is all about the training and development of employees at workplace. The training and development helps the employees to intensify their actual level of performance in order to achieve the desired level of performance. This case converse the various issues faced by Mr. Mehta one of which is related to absenteeism of trainees impacting on the cost effectiveness of the training session and other is non involvement of the trainer in the training session impacting of the effectiveness of it. The case highlights the dilemma face by the trainees and their mental state as well. Thus this case is about various problems of the training and development which rose both at the employees as well as organization's end. It gives an opportunity to explore and understand the training and development from the field of Human resource management.*

*Keywords:* Training, Development, Employee satisfaction

### **INTRODUCTION**

HCL Infosystems Limited (HCLI) is a subsidiary of HCL enterprise. It was originated in the year 1976. HCL Infosystems limited is an IT service management company. It develops IT solutions, services and Distribution Company providing high quality multi-brand global technology products. The services provided by HCLI includes IT services and solutions. It also includes system integration, digital lifestyle solution etc.

Edurix, an online Education content provider was acquired by HCL Infosystems Limited on 26 July 2012, with the aim to intensify their learning and education business. HCL Infosystems Limited markets its clients across 664 districts and more than 15000 towns in India. HCL Infosystems Limited delivers support, connect and value to other companies in the field of networking, Telecom, Retail, storage and security. HCL Infosystems Limited also offers services which includes facility management, system integration and managed services. HCL Infosystems Limited provides various kinds of training sessions such as Induction training, Technical Training and behavioral training such as Time management, stress management, communication skills, interpersonal skills, problem-solving skills, decision-making skills etc.

### **BACKGROUND**

Mr. Shyam Lal Mehta, working for past 7 years in the organization as a Training Manager is a very responsible and hardworking person who is truly dedicated towards his work. He is accountable for conducting various training sessions in the organization. Recently he has to conduct an Induction for the new employees along with the soft skills training i.e. Communication training for the existing employees of the organization on the same day. So, as the training session is to be conducted and Mr. Mehta is the in charge he has to finalize the venue for the training session. As the Induction and communication training is done on the same day Mr. Mehta has finalized the venue for the training sessions at corporate office of the organization. According to the prevailing scenario of the organization, Induction for the employees is conducted at the corporate office of the organization. The trainer for the communication training is outsourced who is a trainer of the organization for past several years and has a vast experience of conducting training sessions in this organization and also serves to other reputed organisations. In total 50 employees are selected for the communication training on the basis of their performance and discussions with the reporting managers. These employees had the feedback of poor communication skills either from the immediate boss or from the customers/clients.

### **ON THE DAY OF TRAINING**

As the induction is the first official interaction of the employees with the organization. During the Induction introduces all the policies and norms of the organization to the employees. Through induction process an overview of the organization is given to the new employees so that they become familiar with the organization's culture, policies etc.

During Induction the trainer started the presentation on the projector and left the room and the presentation started with the introduction containing all the policies and norms about the organization. The presentation continued one after the other slide but the trainer was not present to explain the details of the presentation. The employees also felt left alone during the session as no one was there to make them understand or to interact with them. The format of the presentation is also too old and because of which the employees lost interest in the session as it became too boring for the employees to simply watch the presentation and read it on their own without any discussion, explanation or understanding. Due to trainers lack of involvement during the training session has affected the purpose of training to a greater extent. Post training feedback

Since, the communication training is also conducted at the same venue and the employees are selected from various locations of the organization for the training session. The selected no of employees for the training is 50 out of which only 27 employees were turned up for the training sessions and the remaining employees had not attended the session due to various reasons. During the communication training the employees felt less involved with the trainer as the trainer is not familiar so they hesitated in asking queries. Most of the trainees seemed to be least interested to attend the training. The reason which came into light for the absenteeism of the employees from this training session was the venue of the training session, as most of the employees found it difficult to commute to the venue as it was located far away from their place of work. Due to this reason the employees didn't want to attend the training session as they were not interested to travel for training so they decided to skip the training session which costs heavy loss to the organization as the trainer is outsourced and is charging a huge amount of money for the particular training session also arrangement for breakfast and lunch were made in accordance to the number of trainees as 50. Mr. Mehta was worried about the cost effectiveness of the particular session and anxious to know the reason of low attendance. He was also wondering how he would represent the ROI of the training session to the management.

Later on Mr. Mehta came to know that the employees are discussing among themselves that why they were the only people to attend the training and this feeling created a negative aspect in their mind they were feeling as if they would attend the training session then rest of the employees would come to know about their poor communication skills and would be embarrassed among the co-workers. Another reason for absenteeism was that most of the employees had been nominated by their managers but were not relieved from the duties due to overload of work and assignments.

#### **QUESTIONS FOR DISCUSSIONS**

1. What are the major problems faced by Mr. Mehta?
2. Give suggestions to Mr. Mehta to improve the effectiveness of the training and development process.

## WHAT TATA AIA LIFE INSURANCE COMPANY MIGHT BE LACKING

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### ABSTRACT

*Organizations in today's time invest a lot in the human resource capital. We can easily say that Human Resource has become the backbone of every organization since it is ultimately the workforce which helps in attainment of the organizational goals. Performance is a multidimensional construct which aims at achieving the strategic goals of the company. This study or research aims at determining the relationship between training and the performance of employees. The quality of training imparted in the organizations varies in various aspects due to the external and the internal factors. It also depends upon the degree to which an organization is focusing on the career development aspect. This research has been done on 30 employees working in TATA AIA, a life insurance company, situated in New Delhi. While all of the employees suggested that there is a positive relationship between training and employee performance and that they themselves had seen improvements in their work performance, the ratings given to their companies training program is average. On a scale of one to five, three was the average. While some found the training to be very fruitful others didn't benefit much from it. It is important to understand the right needs of the employees and then impart them with the associated training otherwise the capital invested turns out to be of no use. On the light of this study few suggestions would be to search for the appropriate need of the employee and also to pre and post-check the performance of the employees in order to better understand and evaluate the progress of the training program.*

*HR is the primarily an expression of an organization's belief in the employee component of that organization's success. Employees are the chief assets of an organization. The dynamic role they play towards a company's success cannot be undervalued. As a result, equipping these unique resources through effective training becomes vital in order to escalate the job performance. Further, the game of economic conflict has new rules now. Firms should be rapid and responsive. This requires retorting to customer's needs for quality, diversity, customization, accessibility and timeliness. Meeting this new standard necessitates a workforce that is officially trained in all aspects. It requires people who are proficient enough to analyze and solve job related problems as well as work cooperatively in a team. Training has become significantly important in today's environment where jobs are complex and rapid. To endure and flourish in the existing corporate-jungle, companies should devote time and money in elevating the knowledge and skills of their employees persistently.*

*Training refers to a prearranged effort by a company to facilitate an employee's learning of job-related proficiencies. These abilities include knowledge, skills or behaviors that are imperative for successful job performances. The objective of training is for employees to attain the knowledge, skills and behaviors stressed in the training programs and to apply them in the day-to-day activities. For any company to gain competitive lead, its training has to comprise more than just elementary skill development.*

*That is, to use training for attaining competitive advantage a company should recognize training largely as a way to create intellectual wealth. Intellectual wealth includes rudimentary skills progressive skills. The major result of training is learning. This learning enriches the productivity of an employee by assisting him to do his present job more efficiently and also prepares him for a higher level.*

### TRAINING PROCEDURES BEING FOLLOWED IN THE INSURANCE SECTOR IN INDIA

The major observations seen in the Insurance Sector are:

- Training is primarily needed for all levels in the insurance sector
- These programs are usually organized on the basis of the performance of the employees
- Training is provided through both on the job and off the job methods.
- Coaching and mentoring are the two main methods used for on the job training methods.

- Role Playing and Lecture Method are the two main Off the Job training forms being applied in the Insurance industry.
- Induction training plays a vital role in the stages of training process.
- Trainers in the industry is usually appointed from outside.
- Knowledge about the industry is the most taught topic.
- Employees are given only soft skills and team training. However they are not given any creativity training.
- Evaluation of the Skills, Knowledge and Abilities of the employees is done before and after the training programmes but not during the training programmes.
- The companies do not collect proper feedback from the employees about the training programmes.
- The Insurance Companies establish Motivational Training for employees in order to develop their performance.

**However,**

- **Are the needs of the em[loyees taken into consideration before giving training?**
- **Do the Employees Attend the Training Programmes Being Organized for Them Regularly?**
- **Are the employees satisfied with the trainers being appointed?**
- **Are all the Areas Covered in Training?**

The limitations of the training program imparted by TATA AIA Life Insurance company are :

#### **1. Absenteeism**

Organizing a training program is in the hands of the company but the presence of employee isn't. It is because of this reason that absenteeism has become one of the primary reasons for the failure of the training program in the company.

#### **2. Failure to Recognize Non-Training Solutions**

Too Often. Companies make the mistake of solving every problem through training. In this study we comprehend that at times it might not be the training needs but other organizational problems that might be leading to the under performance of the employee.

This can further be explained through an example, AT Life Insurance Corporation India, every financial advisor is treated like an employee and is provided with a fixed salary. Along with this they get benefits just like an employee. This makes them class apart from the rest of the private sector industries who fail to do so.

Hence, more and more people prefer to join LIC over TATA or any other private company limited resulting in LIC achieving the largest market share.

Now in this case, It isn't a skill or ability that the employee needs to learn in order to achieve better customers, it is the company policies which needs to be altered.

Attempting to resolve job performance matters with training won't work when aspects such as reward systems or job design or motivation is the real issue. To overcome this issue, trainers must focus on methods to study performance rather than conduct out-of-date training needs assessments.

#### **3. Need assessment training is missing**

A training program will only pay off if it comes from the business measures that drive it. That is if a training program isn't aligned to the business measure no benefit can be reaped out of it. It usually happens that training program is conducted for all the wrong reasons, it is either to follow some upcoming trend or it is because of the underperformance of the employees. However, it is important to note that training needs to be performance keeping in the mind the needs of the employees and the ultimate goal aligned.

## **SOLVING MEASURES**

### **1. Matching the learning option to the styles of learning**

Every organization has various generations of employees working in it, so, organizations should perpetually restructure the ways in which employees learn should update the tools used by them for better performance.

### **2. Assessing the limitation of the Employees**

Training isn't just limited to enhancement of the already prevailing skills but also for the progress of the skills that are lacking. It is important that organizations assess the needs of the employees and provide training for the same, otherwise the result of the training will be ineffective.

### **3. Adopting M-Learning**

Another major problem that the insurance industry in all faces is the lack of completion of the offline training programs. Through the method of mLearning this problem can be easily resolved. The increased absenteeism can be reduced through this method and employees can learn as well as grow with just a click.

### **4. Opt for sticky learning approaches**

Usage of stories and decision-making tools instead of dull and predictable instructor-led training. Engage learners and more specifically push the knowledge acquisition to knowledge application.

### **5. Use Performance Support Tools**

Supplement or complement your formal training like interactive PDFs, eBooks, and mobile apps as "just-in-time" learning aids that are available to the learners precisely when they need them. This would push them to use these Performance Support Tools to apply the knowledge at work.

Human resource is a department which brings about a change in the organization. The needs of this workforce should always be at the top most priority of the organizations. If the employees of the organization are committed and productive then the welfare of the organization is bound to happen. Training is nothing but a tool which helps in enhancing the knowledge and the skill sets which further helps in enhancing the productivity and profitability of the organization. Researches reveal that training and employee performance share a positive relationship and the effectiveness of training can be improved through periodical reviews and evaluations and through allotment of proper trainers. Training shouldn't be limited to only fresher but should also be provided to the existing employees for further development. Furthermore upon interviewing few employees of the organization it was revealed that training alone can't motivate the employees to work or perform better. Other HRM practices like compensations, monetary as well as non-monetary benefits and motivation also play a major role in the performance of the employees.

## **RECOMMENDATIONS**

- Employees in the organization should be provided with need based training.
- The training program should be held at regular intervals.
- Proper evaluation of the training programs should be done.
- Training shouldn't be restricted to the newly joined staff only.
- New forms of training should be inculcated.

## **EMPLOYEE ENGAGEMENT AT RALSON (INDIA) LIMITED**

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### **1. ABSTRACT**

*Today, a big challenge facing the companies is not only hiring and retaining people, but also engaging them enough in their work at the organization so as to reduce attrition, increase retention and improve the quality of work. Employee Engagement refers to the enthusiasm in an employee towards his job and towards fulfilling the goals of his organization.*

*There are certain factors that affect employee engagement. These factors can lead to engagement or disengagement in employees. So, it is highly necessary for companies to understand the need for employee engagement in their organizations. There are always signs that point towards the need for employee engagement. These could be: lack of employee retention, constant absenteeism, poor performance, little initiative by employees, lack of clarity on responsibilities etc.*

*This report focuses on the employee engagement activities carried out at Ralson and also studies the relationship between performance recognition and sense of value. The report also includes a survey (questionnaire). The population for the survey were the employees of HR and Marketing department of Ralson. A total of 52 respondents completed the survey and the data so obtained was further analyzed. Pearson Chi-square was used to study the relationship between performance recognition and sense of value at workplace among the employees.*

### **Hypothesis**

*Ho: There is no significant relationship between sense of value at workplace and performance recognition (by word of mouth).*

*Ha: There is a significant relationship between sense of value at workplace and performance recognition (by word of mouth)*

*After conducting an SPSS analysis, the following result was obtained:*

**Accept Ha:** *There is a significant relationship between sense of value at workplace and performance recognition (by word of mouth).*

**2. Keywords:** Employee engagement, engaged employees, disengaged employees, performance recognition, sense of value.

### **3. INTRODUCTION**

Employee engagement, also referred to as work commitment, is a business management concept. Employee engagement is a degree of positive or negative emotional attachment from an employee to his/her work, colleagues and the organization they work for. Employee engagement is an essential tool in the management world. Committed employees are those who are highly motivated and are committed to the success of the organization. Without employee involvement or engagement, the organization can not reach its full potential.

Employee participation is the most important factor influencing the growth of the organization mainly because it is directly related to the management of the organization's core assets, that is, their employees. Employee engagement is not only limited to keeping employees engaged in their work but also making them feel like an important part of the organization, involving them in different types of activities rather than just working. These activities help employees feel comfortable with the work environment and also in reducing their boredom towards work.

Employee engagement is a key success factor of the organization. High levels of participation in domestic and global companies promote talent retention, encourage customer retention, and improve organizational performance as well as stakeholder value.

For generations in the modern day, access to training, career, the balance between work life and empowerment to make decisions are very important. Therefore, to foster a culture of engagement, the

department of Human Resources is a path to developing measures and evaluating workplace policies and practices to attract and retain talent skills needed for sustainable development and growth.

#### **4. BACKGROUND**

##### **4.1 ABOUT RALSON (INDIA) LIMITED**

Ralson started its humble beginnings in 1974 by manufacturing cycle tyres. Ralson grew rapidly and at a large scale in cycle tyre industry which laid the foundation of its entry into automobile tyre manufacture. There are three Ralson plants, of which two are devoted only to automobile tyres where a wide range of two/three-wheeler and tractor tyres are manufactured. The company's mega factory based in Ludhiana is spread over 46 acres and employs a workforce of over 4000 skilled and semi-skilled professionals. As of 2017, their turnover stands at Rs. 800 crores.

##### **4.2 ABOUT EMPLOYEE ENGAGEMENT**

Employee engagement divides employees into three different categories.

**Actively Disengaged Employees:** This is the first category of employees. They are unhappy, resentful and spread unpleasantness in the organization. Such employees are bad for the organization since they are always provoking and convincing the other employees to leave their jobs and leave the organization.

**Engaged Employees:** The engaged employees are those who work with passion. They are often emotionally attached to their organization. They are innovative and provide new ideas to move the organization forward. Such employees are optimistic and spread positivity at the workplace and also among their co-workers. They personalize the goals and objectives and always strive to work for the betterment of the organization.

**Not Engaged Employees:** This category includes majority of the employees of the organization. They seek directions from their superiors and only perform tasks which has been asked for by their superiors. Such employees do put in their time, but not their passion and energy into the work. They like to receive only one instruction at a time and lack innovativeness. These employees can hold either a negative or positive attitude towards the organization.

#### **5. PROBLEM STATEMENT**

The management at Ralson (India) Limited should aim at concentrating more on the employee engagement activities so as to keep the employees motivated, feel valued, contribute more towards their roles and responsibilities, thus, leading to high performance.

#### **6. SUGGESTED SOLUTION**

A recommendation to Ralson's HRD department would be that they should indulge in providing incentives as well to their employees.

As per the questionnaire results, none of the respondents answered 'Yes' to receiving incentives. This is a very important factor that governs an employee's performance, motivation levels and sense of worth at a company.

They can go for activities such as birthday celebrations, recognizing and praising good performances openly so as to motivate the employees, conducting brainstorming sessions and motivating employees to give their suggestions and feedbacks.

#### **7. IMPLICATIONS**

The study implies that employees at Ralson are not exposed to much of employee engagement activities. The SPSS analysis revealed that employees' sense of value at workplace was positively related to being recognized for their performance, especially by word of mouth.

The findings of this study will be useful to any organization, irrespective of the type of business, to construct strong employee engagement policy with mix of all these factors of employee engagement. Managers can redesign the work and policy on the basis of the factors presented in this paper would lead to happy workforce. This article will be of value to anyone seeking better understanding in employee engagement to improve organization performance. This applies to all organizations as employees always need a motivation to be engaged in their work. Every organization must inculcate employee engagement activities in its working.

## **STUDY ABOUT EMPLOYEE COMMITMENT IN LG ELECTRONICS INDIA PVT. LTD**

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### **ABSTRACT**

*The objective of this case study was to find out the factors that affect the employee commitment in LG Electronics India Pvt. Ltd. Some factors affect the employees positively and hence motivate them to work and some factors affect employees negatively, because of which the performance of the employees is affected and they might even think over to change their job. Welfare activities and other facilities provided by the organization is one of the most crucial factor that affect how satisfied the employees are in the organization, which in turn affects employee's commitment towards the organization. HR department of LG Electronics India Pvt. Ltd., could sense that some changes/ improvements were needed so that employees stay happy and work efficiently.*

*The first step of this process was to decide the segment of the employees, so female shop-floor employees of LG Electronics Greater Noida were selected. A major problem that most working women face is to maintain a Work-Life Balance. Females generally feel that they are not able to give proper time to their children and family. So the step taken by the organization to help their female employees to maintain Work-Life Balance was that they organized a "Parenting and Work-Life Balance Workshop". The female shop-floor employees attended the workshop in batches on 14<sup>th</sup> June 2017 and 16<sup>th</sup> June 2017. The second step which the organization took was to conduct a survey to find out the satisfaction level of the employees and to find out the problems faced by the employees in the organization.*

*The feedback taken from the employees after the Workshop highly positive. With the help of the survey, the effectiveness of the workshop i.e. did employees feel any improvement in maintaining the balance between their work and personal life indicated that 60% employees felt average improvement, 36.7% employees felt excellent improvement, 3.3% employees felt no improvement.*

**Keywords:** Employee Commitment, Welfare Facilities , Work-Life Balance.

### **INTRODUCTION**

On 31<sup>st</sup> May 2017, the AGM (HR) of LG Electronics India Pvt. Ltd. Greater Noida, Mr. Bhuvnesh Chauhan along with Mr. Naresh Kumar (Team Leader (HR)) and other member of the HR department decided to organize a "Parenting and Work-Life Balance Workshop" because it is one of the crucial factor that employees struggle with. Female employees should not feel that because of their work they are not able to pay proper attention towards their family and especially their children. The same workshop was conducted on two days 14<sup>th</sup> June 2017 and 16<sup>th</sup> June 2017. The workshop was taken up Mr Sushant and Ms. Manvi of "Parwarish". They both did an amazing job in guiding the employees and made them realize that their work is not affecting their children and their efforts and hard work is setting an example for their children. Mr Sushant and Ms. Manvi beautifully discussed the problems which parents were facing with their and gave their point of view of how to deal with the problem. As per previous surveys in the organization, it was found that employees feel that they are not able to spend quality time with their children and family, and are may think of leaving their job if their children are facing any issues because of their job. Members of Parwarish Sushant and Manvi took up small points and factors that make parents feel that their children are drifting away from them. Sushant and Manvi gave an insight of how things have changed and shared their experience of how things may improve in their personal life. The HR department of LGEIL felt if the employees are able to maintain Work-Life Balance, their performance and satisfaction level will improve automatically.

Second step decided was to conduct a survey, to find out the level of job satisfaction of the employees. The question in the survey were made in such a way to find out level of satisfaction with the facilities provided by the organization, how employees feel about training, what all areas do employees feel training is required,

are employees able to maintain a balance between their work and personal life and to find out the efficiency of the parenting and work-life balance workshop.

Employee Commitment is the individual's psychological attachment to the organization, how workers feel about their jobs. Organizational commitment predicts work variables such as turnover and job performance. Some of the factors that affect employee commitment are Induction, Training & Development, Compensation and Benefits, Work Life Balance, Culture of the organization, Communication, Brand Image, Role of supervisor, Rewards, Recognition, Welfare Facilities.

Employee retention: ability of the organization to retain its employees. When a new employee joins an organization, the organization invests time and money to groom to employee and train him to perform his job/work efficiently. When an employee leaves the organization, the company bears the recruitment cost to recruit another employee and training cost to train the new employee.

According to various researches, the reason because of which employees leave organization are Low salary, Lack of growth, Family, Relationship with Supervisor/Boss, Workplace relationships, Organization Culture, Lack of Recognition, Lack of Rewards, Lack of Work-Life Balance, Excessive Workload.

## **BACKGROUND**

LG Electronics is a multinational South Korea electronics company (part of the LG Group- A merger of Lucky and Goldstar, the two south Korean Companies) employing 82,000 people working in 119 local subsidiaries worldwide. In January 1997, LGEIL a subsidiary of LG Electronics (South Korea) was established. LG established its first manufacturing unit in India in Greater Noida with an investment of Rs 500 Crores. The second manufacturing unit of LG was set up in PUNE in 2004. Managing Director of LG India is Kim Ki-Wan.

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Employee retention: ability of the organization to retain its employees. When a new employee joins an organization, the organization invests time and money to groom to employee and train him to perform his job/work efficiently. When an employee leaves the organization, the company bears the recruitment cost to recruit another employee and training cost to train the new employee.

According to various researches, the reason because of which employees leave organization are Low salary, Lack of growth, Family, Relationship with Supervisor/Boss, Workplace relationships, Organization Culture, Lack of Recognition, Lack of Rewards, Lack of Work-Life Balance, Excessive Workload.

## **PROBLEM STATEMENT**

Employee Satisfaction is a key factors that affects Employee Commitment, which in turn affect Employee Retention. The HR department could sense some issues related to satisfaction level of the employees with the welfare facilities and other facilities provided by organization.

## **SUGGESTED SOLUTION AND OUTCOME**

Employee Satisfaction is very important for the employees to work efficiently in the organization. Facilities provided by the organization, the culture of the organization are the factors that motivate employees. Some unhappiness with facilities provided by the organization could be sensed. To solve a problem, it is very important to know what exactly the problem is. The solution to this problem was to gather the issues faced by the employees and then figuring out ways to eliminate those problems or reduce them as per policies of the organization. The data gathered by the survey was very helpful to find out the exact areas where the employees were facing problems. The data helped HR department to think over and plan the changes to be implemented. For example, a small issue faced by the employees was that no female doctor was there in the medical room, which made the female employees uncomfortable to share their problems. A suggested solution was to replace one of the employees working in medical room with a female. Another suggested

solution was to appoint an educated care taker in creche, who could teach the children of employees in creche. This will not only help the children to develop but also increase the satisfaction level of the employees because the organization is taking a step to help the employee to take care of their children.

### **IMPLICATIONS**

The Workshop conducted by the HR department of LG Electronics India Pvt. Ltd. proved to a great help for the organization. The female employees who felt that because of working in organization they are not able to pay proper attention towards their family and children were motivated and started thinking in a different manner about the situation. They started seeing the situation in a positive manner and their motivation to work increased. According to feedback taken after the workshop, employees started feeling that their job is a very important aspect of their life. They are setting example for their children that women should work and can manage all their responsibilities at work and home together. The workshop that was taken up Mr Sushant and Ms. Manvi of “Parwarish” did an amazing job in guiding the employees and made them realize that their work is not affecting their children. Members of Parwarish Sushant and Manvi took up small points and factors that make parents feel that their children are drifting away from them. Sushant and Manvi gave an insight of how things have changed and shared their experience of how things may improve in their personal life.

The survey conducted by the HR department helped them gather all the information and exact areas where problems existed. Small problems at work place can become a very big reason affecting employee satisfaction level. For the problem to be solved it is very important to find out the exact areas and data collected from the survey was very helpful to figure out and define areas of problem. All the survey data was analysed and actions were taken which were possible as per organization. Interviews for more educated care takers were taken and discussion over appointing a female in medical room was also done.

## **PROBLEM OF ATTRITION AT LIFESTYLE INTERNATIONAL PVT. LTD.**

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### **ABSTRACT**

*The study focused on the high attrition rate of Customer Service Representatives at Lifestyle International Pvt. Ltd.*

*Immense competition exists in today's fast growing economy and companies are therefore looking for ways to retain their human capital. For the purpose of retaining employees, there arises a need for Employee Engagement and keeping the employees engaged is a very tough task in the retail sector. If employees do not feel engaged they may move on to other jobs where they may achieve greater satisfaction. Companies are therefore implementing various methods to reduce attrition of their employees.*

*The study was conducted to identify the reasons for the employees not being satisfied with their jobs and resulting in high turnover rate. There are several companies competing with Lifestyle International Pvt. Ltd. in same field, which was resulting in a high rate of attrition of employees. The study focused on the steps being taken by the organization to solve this problem. Employees should feel physically, mentally and financially satisfied at the workplace then only he can continue in an organization for a long period of time.*

*It is very important to recruit the right person for a job to maintain organizational productivity. If the job matches the employee's traits he will enjoy doing it and give his best. An unsuitable candidate at any job may not contribute as per the standards and may seek another job which matches his choice and can best fit with his traits. This is one cause of attrition in an organization. But there are many other causes of attrition and some are outlined in this case. It also highlights the various steps taken by Lifestyle International Pvt. Ltd to engage their employees and reduce attrition rate.*

*Keywords:* Employee Engagement, Attrition, Job Satisfaction.

### **INTRODUCTION**

The capitalist economy has seen the growth of industry in a major way and this has boosted the income prospects of the people. There is a constant effort by the companies to hire the best talent available and the people are also trying to get the best job possible. Employees therefore fight a constant battle to maintain their good position in the organization. Similarly employers also face immense competition due to the immense competition existing in a fast growing economy. Employee attrition is a very big concern for companies in general and HR managers in particular nowadays because employee turnover causes huge expenditure to organizations. The companies constantly work to find identify causes of attrition in the organization and what steps should be taken by the HR department to reduce attrition. Employees need to feel physically, mentally and financially satisfied at the workplace to enable them to give in their best at all times and continue in an organization for a long time. Organizations try to ensure that their employees feel like a vital part of the organization and are fully dedicated towards the organization. Engaged employees feel that the work they are doing is of value to the organization and the organization values their contribution. Employees who are engaged feel motivated not only to work, but also work with high spirits.

The Retail Industry is one of the fastest growing sectors in the world and has become extremely competitive, enhancing the quality and accessibility of goods and services to the customers at affordable prices. Lifestyle International Pvt. Ltd is a part of the retail industry. It is a business unit of the Landmark Group and deals in clothing, footwear, bags, cosmetics and many other products. The company faces stiff competition from many other companies in the same field.

The study focuses on the recruitment practices of the company, its impact on the attrition of employees and various other reasons leading to attrition in an organization. The field of study is the post of Customer Service Representative in the Retail Industry where the employees are generally 10+2 or graduates.

## **BACKGROUND**

The study was conducted in the Lifestyle International Pvt. Ltd which is a part of Landmark Group is a renowned MBO (multi brand outlet) offering products of many different brands to its customers at one place. The company was started at Chennai in 1999 and now has 61 lifestyle stores in India reinforcing its pan India presence.

The products available at Lifestyle vary from clothing to footwear to bags, cosmetics and many other products. The products available at Lifestyle are divided into five concept as mentioned below:

- Apparel men.
- Apparel ladies.
- Apparel children.
- Lifestyle concept.
- Footwear and travel accessories.

The workforce is divided into departments which are interrelated and work cross functional under department heads such as:

- Business Manager
- Store Manager
- Marketing Manager
- Human Resource Manager
- Visual Merchandise.

## **VISION**

The vision of the company is to establish itself as one the top most retail industries in the world and to provide phenomenal products and services to its customers at an affordable cost. The vision can only be achieved with the presence of loyal employees who always give their best to achieve the goals of the company.

## **MISSION**

The mission of the company is to provide youthful brands to its customers at an affordable price, with ease of shopping and remarkable services.

## **VALUES**

- Passion for excellence.
- Integrity in everything the company does.
- Empowering the employees to strive and deliver.
- Adapting to the changing market and consumer needs.

## **PROBLEM STATEMENT**

The company, Lifestyle International Private Limited, desires to retain its employees for a long period of time and for this purpose it is investing a lot of efforts to plan and execute many employee engagement activities. However, there are many other reasons why employees choose to leave the organization. In addition to financial factors and work conditions, personal factors can be considered as one of the main causes of attrition in the Company.

It has been noticed that attrition rate is very high at Customer Service Representative (CSR) level (employees working on the shop floor and serving customers) at Lifestyle International Pvt. Ltd. because it is a very tough task to stand on your feet for a long day and continue to smile at the customer.

The CSR Mr. Randheer Chaudhary was as usual busy with his routine work but some unexpected event occurred which was not at all pleasant. He was having a discussion with his supervisor regarding the

upcoming EOSS (end of season sale), which was going to start very soon. His supervisor asked him to perform a night shift because before the sale there was a floor shifting to take place and all the male employees were asked to stay for night shift. Randheer refused to stay at night due to his personal reasons. The very next day when he came for morning shift his superior was in anger and asked him the reason. They both had a difficult time together that day.

A few days later, Randheer discussed his problems with the HR Manager. He expressed that he was facing a problem while working in Ladies Concept because he was unable to handle the behaviour of the Supervisor. He brought out many issues like the supervisor overburdened him with lot of work, sometimes he talked to Randheer very rudely and he would not listen to his personal problems seriously. Due to these reasons it was becoming difficult for Randheer to cope up with his supervisor. He conveyed to HR Manager that he might be constrained to leave this job because he would not be able to work in such a situation. The HR Manager heard him out at length and assured him that she would discuss the matter with the Business Manager and try to change his concept. Randheer was satisfied with the discussion and agreed to continue in the organisation.

Subsequently, the Business Manager held a one on one meeting with Randheer so that his problem could be deeply examined. After discussing various issues it became clear that it was not only about the conflict between Randheer and his supervisor. There was another factor leading to Randheer not being engaged in his work. Randheer had completed his graduation in B.Sc but due to constrained financial circumstances he could not continue his studies further and he had to seek employment. He did not consider the CSR work suitable for his qualification since it involved more of being on the floor and serving the customers. Due to immediate financial needs he had agreed to take up this job but was now feeling dissatisfied.

After examining all these circumstances, the HR Manager took a decision to shift Randheer to Cash and Bill Department to work as a cashier. Randheer agreed to the redeployment and a few days later he started working as a cashier. After a month, there was a Skip Level Meeting called Connect Over Coffee of the CASH and Bill team with all the cashiers. The Business Manager asked Randheer about his new department and his job. Randheer expressed that he was extremely happy with his new work and he even agreed to stay late at night during EOSS without any problem. This was because he considered this job suitable for his qualification and he felt satisfied with the work conditions.

## OUTCOME

After analysing the problem of the high rates of attrition in organizations, the study found that new engagement programs must be introduced on a regular basis as it creates an atmosphere of enthusiasm among the staff. One of the measures is to give employees an opportunity to discuss their problems one to one either with the Business Manager or the HR Manager. Organizations should also introduce more programmes where employees can interact with one another at a personal level. The redressal committees should be quick to solve their problems. Employees must not be overburdened with work, must ensure that task should be assigned as per the qualifications and position of the employee. Feedback system should be more efficient and should involve both new as well as old employees. HR policies need to be formulated keeping in mind the requirements of the employees and the feedback received from the employees.

The company should focus on personnel with low engagement scores and new programs introduced accordingly. The programs should be organised that there is cross functional interaction to enable more people to get to know each other. The employees should be communicated the benefits of the employee engagement programs prevailing in the organization so that the maximum participation is obtained.

## Various measures which have been introduced by Lifestyle International Private Limited to engage and motivate the employees and reduce employee attrition are:

- **Employee of the month** - Lifestyle introduced a monthly reward programme, wherein employees who perform over and above their expected performance are given recognition. Recognition is given to the employees now in the award ceremony every month.
- **Skip level meeting( Connect over coffee)** - Another program that runs at Lifestyle is Skip Level Meetings; where the employees are free to skip a level in the hierarchy and speak directly to the supervisor's boss over coffee. It is conducted every month with different concepts.

- **Open house** - Lifestyle International Pvt. Ltd. observed that the employees felt there was not enough communication in the organization between the top management and the employees. For this purpose, open house sessions were introduced where the employees could ask the management questions anonymously.
- **Potluck** - Potluck is a well-known engagement program observed at various organizations and institutions. At Lifestyle International Pvt. Ltd. Potluck frequently takes place and it is an arrangement where the employees work together with their colleagues and organize the lunch for all the employees. Employees from different functions are selected at random who organize a lunch for all the employees. It is a social gathering in which the people from all levels participate and come together during the lunch time to meet each other and get to know everyone on personal level. The managers and subordinates have their lunch together during Potluck.
- **Get connected-** In this process a feedback is taken from new joinees after 30 days and 90 days. This helps to give an understanding whether the employee is comfortable in the new environment, with colleagues and working culture. In case he is facing problem HR department would make efforts to sort it out.

### **IMPLICATIONS**

Based upon the above narrative it is obvious that attrition is a major matter of concern for every sector in today's economy. It is not only employees who are striving to get a good job, employers are also making concerted efforts to retain their employees because employees are the assets of the organisation which need time and money to replace. They are also an asset whose qualities may not be easily replaced or imitated. Implementation of new policies, new engagement activities and one to one personal interaction is not only for retail sector, but it is applicable in all the sectors because without employees no organization can run its business.

It has been identified that every individual feels engaged and empowered in a different way; and thus there is a need that the engagement programmes for each organization and department are planned and implemented in a different way that suit them. Attrition is a great matter of concern for all the modern day organizations as the affected company loses through this process. To compete in today's economy it is very important for companies to retain their employees because it is ultimately the employees who make the organization being the building blocks of the organization.

1. Highlight the problems mentioned in the case?
2. What other measures could be undertaken to reduce attrition in the organization?
3. "Is attrition a global factor and affecting the world economy". Explain.

## RECRUITMENT CHALLENGES – A CASE ON TATA AIA LIFE

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### ABSTRACT

*Insurance companies provide financial assistance to the population of its country. It faces various kinds of challenges in maintaining the quality of work and retaining its workforce. An attempt has been made to find out how employees grow within the life insurance sector of India and what challenges are faced by them while performing tasks at the workstation. An organization is always known by its employees. If the existing workforce of a particular company performs well and grows in a sustainable manner it creates a brand creation and a strong competitive position for the respective organization. The study also aims to find out various recruitment challenges, its reasons and how to overcome these kind of difficulties. The study also aims to gain knowledge on how TATA AIA LIFE has sustained itself in facing challenges with regards to the recruitment practices in a life insurance company.*

*Keywords:* Recruitment, Retention, Employees, growth, challenges.

### INTRODUCTION

Employees are the building blocks of all kinds of organizations. Over the years the insurance sector has faced a lot of challenges with regards to its recruitment practices, growth opportunities and less number of people entering its respective domain. The insurance industry is being regulated by an apex institution named as the IRDA (Insurance Regulatory and Development Authority). This governing body takes care of all the major operations of the insurance sector. However, IRDA needs to take more steps in order to ensure various strategies which would help and assist the insurance sector to regulate its operations and develop techniques to overcome and sustain itself in the face of rising challenges.

Over the years TATA AIA LIFE has taken significant measures in order to take care of the needs of its workforce and manage its operations in synchronisation with the entire industry. It has provided various growth opportunities to its financial advisors, agents so that the retention rate of the industry can be maintained in a better manner as compared to the other private sector players in the market. A sound recruitment process is immensely significant for engaging its employees within the organization and for increasing its overall retention rate. It is immensely significant for any particular organization to conduct its recruitment process in such a manner that a unique candidature is created for the particular organization. The Human Resource department and the line managers play a major role in creating awareness about a respective industry and the HR is concerned with bringing the right person into the organization who can successfully synchronize its organizational and personal goals, hence achieving more and more effectiveness while contributing to the organizational goals.

The HR managers have to take care of the quality of persons entering the insurance sector. If a wrong person with lack of skills and knowledge enters the organization then the entire organization suffers and pays the price for its continuous underperformance and unachievable targets. The managers have to reach out to the potential candidates in the market by conducting cold calls and thereafter creating a data base on the basis of it. During this process a large pool of candidates is created and this is how the major insurance sector companies have been operating since a long time. Over the years TATA AIA LIFE has launched various learning based incentives for helping the employees to develop an overall personality and at the same time increasing the potential of the employees towards establishing a career in the insurance sector.

### BACKGROUND

Company Profile: TATA AIA Life Insurance Company Limited is a joint venture corporation which has been formed among the TATA Sons Ltd. And the AIA Group. TATA AIA LIFE initiated its operations in India in the year 2001. TATA AIA LIFE amalgamates TATA'S Pre-existing leader position in the Indian Subcontinent and AIA'S eminent position as one of the biggest and independent listed PAN Asian life insurance groups in the World. AIA is spread over 18 different international markets. The collaboration is in the ratio of 51:49 where the TATA Sons tend to hold a majority stake.

**Case Profile:** A sound recruitment process is indispensable to an organization and it can become both a boon or a bane for the organization. If in an organization any biasness with regards to this takes place then the entire organization shall suffer. It shall face major challenges and it would fail to take care of the needs of the entire sector. As the overall implementation of the strategies by the governing body has not been applied to that extent till date hence certain private players operating in the market have come out with different business models prevailing in the insurance sector and these business models have been a centre of attraction for the already existing financial advisors in the industry. As the attrition rate in the insurance sector has always been a great matter of concern hence it had become very important over the years to offer attractive packages to the new joiners so that there is no stagnation with regards to the tasks being performed at the workplace. The insurance sector has never promised a fixed income to its financial advisors. It has always operated on the basis of a commission based income which is initiated only after successfully selling the insurance policies and its products in the market place.

Keeping in mind these kind of challenges various learning opportunities have been created for the existing workforce. In Today's era no one wants to work in a place where there is no guarantee of a fixed remuneration as each individual wants a safeguarded living for his/her survival. Certain innovative strategies have been formulated by the IRDA authority so that quality personnel joins the organization as over the years it has been observed that the quality of the insurance agents entering the industry have declined and because of this the quality of the work has also suffered all these years. The need was to create an innovative market for the industry by conducting a brief market study through the help of diversifying the market needs. It also primarily focused on understanding the needs of the existing population as to what is their aptitude and what all qualities can be inculcated to become a budding agents and financial advisors. Various incentives have been offered with regards to performance reviews and growing within the industry.

TATA AIA Life Insurance company Ltd. is one such private organizations which is concerned with developing the core competencies of its workforce and grooming their overall personalities so that the work is performed proficiently and diligently taking care of the expectations of the organizations from its workforce. Regular performance reviews are conducted to ensure a steady improvement in the tasks performed by the employees.

### **PROBLEM STATEMENT**

Insurance industry has not been seen as an eye catching sector with regards to the employment opportunities and establishing a secured career in it. The commission based income system becomes a major obstacle as many interested applicants do not join the sector because of the fear of unsecured livelihood. As the remuneration is based on a commission earned after achieving assigned sales targets hence there is a lot of pressure on the potential agents and the financial advisors working for the organization. Every individual is willing to work in an organization which provides a stable working environment and a growth specific career which offers ample of learning opportunities to its workforce. TATA AIA LIFE has a unique culture of motivating its employees while training them at the workstations, as it hires agents majorly for the purpose of sales and this makes it an industry operating purely for a sales purpose. It has been observed that because of multiple hiring the quality of the work suffered a lot and also various employees left the organization because of lack of career opportunities and a substantial level of growth.

High levels of hiring within the organization lead to lack of performance and further resulted into sub standard sales practice which again resulted into high levels of attrition into the organization as this increased the workload on the employees. The brand value proposition of any organization is extremely significant for the smooth functioning of its operations. TATA AIA LIFE suffered with regards to its brand name as the employee retention rate reduced to a massive extent. The employees started getting disengaged in the work being performed. The confusion with regards to the policy term and other financial investments discouraged various potential customers to invest in the company and because of this the other customers disinvesting in the company there was a major hit in the customer loyalty segment of the entire organization. Many interested applicants also started putting their foot backwards after becoming aware about the conditions of its operation. The organization which was well known to follow a strict code of conduct and ethics was now under total state of dilemma. There was a little ray of hope left for the organization to again get up and sustain its initial functioning.

**Core Details:** The branch was not able to sustain itself from the miseries which was yet to come its way. The employees at the branch became extremely disengaged into the work and there was no revenue coming to the organization. Multiple hiring of the insurance agents lead to a dangerous situation where in there was no accountability for any kind of work being performed at the organization. The people being recruited lacked the basic skills to work effectively and efficiently in an organization. This gave birth to a situation of utmost chaos where even the department heads were clueless about the proceedings of the company. The existing employees developed the mindset of leaving the organization as there were better growth opportunities in the other competitive firms in comparison to the present organization.

A new branch head was hired in order to look into the concerned matter and to save the sinking ship. When he inspected into the matter it was found out that there was no problem in the products being offered to the customers, the layout of all the products was well structured and well prepared which just lacked a proper implementation mechanism. The Branch Head decided to closely supervise the employees working in the organization to check if what he thought was correct or not. The Branch Head noted during his supervision that the employees were not very confident during the cold calls and lacked the proper implementation and clarity regarding the products and policies being offered in the market. His secondly noted that there was no attractive business model prevailing into the organization which would help TATA AIA to gain a competitive advantage into the industry. Lastly he observed that the people working in the company had a very monotonous schedule comprising of inflexible working hours and lack of growth opportunities. A lot of things had to be taken into consideration and a new plan formulating the entire work specimen had to be governed. As the days passed the branch head started discussing all the plans which he was thinking about with the top management. The senior employees of the company gave more suggestions on how to implement the strategies in an effective manner.

The branch had designed a unique training programme for the existing agents which became a major road map to different careers at AIA. He developed a senior business associate model to gain a competitive advantage in the market and this also assisted in generating a secondary source of income for the other existing agents and advisors employed in other distinct organizations. He also developed a revised working schedule of the employees which had a greater degree of autonomy and creativity unlike the usual schedule which lacked flexibility and innovation. Various growth opportunities like personality development programmes in premier institutions like IIMs and ISBS came as a dream come true for the already existing insurance agents. The branch head spent several days on thinking and constructing various strategies for the betterment of the organization. Now, was the time to implement the new policies designed to test its effective application.

## **SOLUTION AND OUTCOME**

Some strategies with the joint efforts of both the top management and the branch head were implemented which basically stated that:

- Change in the existing work schedule of the employees. Bringing in more ideas and innovation regarding the workstation proceedings.
- A senior business associate model along with the life planner model was launched in order to gain a competitive edge over the market. This helped in distinguishing the competencies of the respective organization with that of the others. It creates a pool of potential applicants within the organization.
- A training programme was created to enhance the existing skill set of the employees working in the organization. This was formulated to check the existing skill sets of the employees.
- Personality development workshops were initiated within the branch in order to groom the overall personalities of the individuals and to provide an added advantage to the people performing exceptionally well within the organization.
- Digital marketing was implemented to get a wider access to the interested applicants across the city.
- The recruitment practices were made more stringent from filling the form to the final screening stage. Everything was done under a proper supervision of the branch heads.

- Personality development programmes were initiated for the employees who consistently performed well within the organization. It acts as a great indicator of enthusiasm among the employees as it motivates them and the employees start treating this kind of a growth opportunity as a target qualification.
- Lastly more and more awareness to be created regarding the significance of life insurance so that more and more people get associated with it.

The successful implementation of these strategies helped the employees in attaining a praiseworthy performance at work. As the recruitment process was evaluated by a greater degree now hence the right quality of the employees were now entering the organization. The launch of the senior business associate model along with the life planner model helped the employees to get added advantage over the other existing insurance agents and advisors within the industry. Awareness generation regarding Life insurance sector in India generated more investment among various stakeholders and created a wider market share for the organization. The branch head after doing the first performance review understood that all the practices and change management taking place within the organization was beneficial for its people as there was a significant positive change in the performance of the employees. Bringing in more ideas created a channel of ideas for the organization to function in a more effective manner. This lead to a greater degree of motivation and increased morale among the employees and opened a gateway to learn.

### **IMPLICATIONS**

This case tries to highlight various significant factors prevalent in the life insurance sector of India. It points out at the recruitment practices taking place within various organizations in India primarily focusing on the challenges faced during and after recruitment by the private players in the market, primarily focusing on TATA AIA LIFE. IRDA needs to ensure more smooth functioning of the insurance sector companies as despite of working over all these years to improve the state of employment rates in the insurance sector the apex institution has never got a 100% return for its valuable initiatives. These days the private players tend to create and improvise upon various aspects governing their functioning such as the recruitment practices, growth opportunities, income and other added monetary benefits.

In the present time people have actually started aspiring to have a good career within the insurance sector. People from all walks of life are aware about the functioning of the insurance sector. An individual can differentiate between one insurance company and the other as different companies offer different environment and learning opportunities to the people.

The measures taken by TATA AIA LIFE has initiated a good amount of positive outcome throughout the organization. The aim of the company is to create a strong organizational structure comprising of a well skilled team of agents and advisors who can enhance their productivity to create more and more innovations in the unique field of insurance. The basic idea is to remove stagnation in the sector and attract quality personnel . It is immensely significant to retain the quality employees within the organization to maintain consistency and for making this sector continuously grow and thrive in the years to come. Organizations primarily operating in the private sector are focusing on developing the overall personality and the skill sets of the people working within the organization. The continuous interaction of the top management and the employees has created a deeper sense of cooperation and empathy, this further has enhanced the employer employee interaction and more generation of ideas.

### **Questions for what more can be done:**

- How can the private organizations such as TATA AIA ensure more quality at work?
- What can be some more strategies and solutions which can help in retaining the employees within the organization?
- How can the branch manager create a USP for his organization?
- What can be done to make the training programmes completely successful?
- What are the other measures which can be taken to motivate the employees within the organization?

## ALUMNI ENGAGEMENT IN KPMG IN INDIA

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### ABSTRACT

*Alumni engagement plays a vital role in maintaining long lasting relations, lifts the brand image and ways by which a company can make the alumni more engaged. It is the essence of belongingness which an alumnus has for the company. Engagement program's main objective is to arouse a feeling of nostalgia among the alumni. It is to remind them of the days they spent in the previous organization and how valuable their contribution has been to the company. It is to imbibe a proud feeling in them about the brand with which they had been associated and to encourage them to come back to the organization. The case concentrates on how networking and maintaining relationship is a predecessor to an organization success and image in the industry and market and what an organization ought to do to make their best brand ambassadors more captivated.*

*Keywords:* Alumni Engagement, Brand loyalty, Long Lasting relation, Networking, Relationship Marketing.

### INTRODUCTION

Alumni Engagement represents the level of connection, affection, attraction and influence an alumnus has built with the previous organization over time. It is a budding engagement initiative which is gaining importance today.

An alumnus of a school or university would be a former student but in the context of Corporate Alumni relations it means former employees of an organization. The importance of networking, communication and maintaining relation is growing enormously and thus many corporate have come up with the alumni engagement programme. An alumnus is considered to be an organizations best brand ambassador locally as well as internationally. For an organization, its former employees are one of the key marketers. Thus it is imperative for the organization to engage with them in ways that they remain their most loyal supporters. A significant amount of the brand image is developed by the alumni who generate invaluable word-of-mouth marketing among their social and professional networks.

### PROBLEM STATEMENT

Proper utilization of Alumni Database of KPMG In INDIA.

### OVERVIEW

As part of the National Markets team of KPMG IN INDIA, the Alumni Team is one vertical which deals and handles alumni engagement. KPMG IN INDIA takes pride and faith in its employees remaining unwavering, even long after they cease to be a part of the firm. KPMG IN INDIA believes that alumni are a powerful business network. The alumni team of KPMG, INDIA connects, collaborates and engages with its alumni to maintain an everlasting relationship.

### KPMG IN INDIA'S 3 E'S OF ALUMNI ENGAGEMENT

#### Engage

It is important to constantly engage with alumni through various modes of communication. The organization can reach their alumni through events, campaigns, development programs and related initiatives. With the growing importance of alumni, organizations have now started keeping reunions and alumni dinners. Any social event which could connect the alumni with the company is an engagement. Social Media plays an important role in connecting alumni who may be in different parts of the world today.

#### Exchange

When alumni who had worked together earlier meet after a long time, they tend to exchange ideas and experience in their respective companies and their career development journey. This information mutually benefits everyone. The organization also gets to know about the various changes and progress happening beyond their boundaries.

The alumni at senior positions are actually a pool of talent whose contribution and exchange of ideas are beneficial to the previous organization.

### **Essence**

One of the most important aspects of alumni engagement is the essence of belongingness which an alumnus has. Engagement program's main objective is to arouse a feeling of nostalgia among the alumni. It is to remind them of the days they spent in the previous organization and reinforce how valuable their contribution has been to the company.

KPMG IN INDIA considers its alumni to be an incredible source of business network. It leverages them to win business and attracts alumni to become a part of KPMG IN INDIA family once again. It also supports them in their new careers. In the last few months there have been 3-4 rejoинings. "KPMG IN INDIA prepares and encourages taking bigger challenges by enhancing skills for overall development and growth" says Suraj Maura, Senior Advisor of KPMG IN INDIA who recently joined back the firm.

One Monday morning when Daniel was having a conversation with his colleagues he got to know about the problem which his company was facing .GLOBEINDIA was in search of a good service provider which could solve its issues related to GST taxation. Alumni engagement driven by KPMG IN INDIA was the base reason due to which GLOBEINDIA could solve its issue.

KPMG IN INDIA being a professional consulting firm provides tax, audit and advisory services to its clients based worldwide. KPMG IN INDIA has around 145 member firms across the globe. According to the latest survey it has been found that the company excels in providing tax services. Ever since the introduction of GST, companies have been facing lot of problems. Daniel who was a part of the audit service in KPMG IN INDIA with an experience of 5 years, shifted to GLOBEINDIA about 3 years back .GLOBEINDIA is currently facing a lot of issues due to its tax consultants poor experience and knowledge. Daniel left KPMG IN INDIA due to voluntary reasons. He had been an excellent employee and had won several awards for his amazing performance and for giving the best suggestions to his audit clients. He travelled extensively and had been on international tours during his employment in KPMG IN INDIA to meet clients of high repute .His personality was such that people knew about him not only in his department but across departments and organization maintaining good relations with colleagues whom he met during the employee engagement programs or other corporate events.

KPMG IN INDIA has a national market team within which falls the alumni relation team. The team comprises of 4 employees headed by a manager and Ray, Head of Marketing and Sales. Ray took the initiative to create a separate team for maintaining relations with its alumni and creating a wide base network worldwide as he realized that one of the best ways to generate business is through selling its brand not directly but through its ambassadors. The best ambassadors or representatives of any company could be its own employees both presently working and ex-employees. This essence of connecting back to the alumni drove the engagement program.

KPMG IN INDIA under the leadership of Ray has undertaken several engagement programs. It has around 16000 alumni and is currently developing its database. Daniel is now one of the alumni and has attended lot of dinners and reunions in the past 2 years. He says "It is so much fun to meet my old friends and colleagues at these engagement programmes, who helped me grow despite our busy schedules". Last year Daniel was awarded an alumni recognition award for his efforts in getting a business of 25 Crore to KPMG IN INDIA. His technical advice to his team during the employment reaped the fruit later after he left. That's how KPMG IN INDIA recognizes and maintains relationship even after a person ceases to be a part of the organization.

When GLOBEINDIA was facing a tough time unable to meet its tax deadlines, Daniel suggested the HR of GLOBEINDIA that he knew some people in his previous organization, with the kind of competence, caliber and skills that could help GLOBEINDIA to ride over the tax issue. Who knew that one day Daniel's company would become a client of KPMG IN INDIA where he previously worked! Ray was glad to see his business expanding through alumni network's word of mouth. Since then he shifted the firms focus on relationship marketing. Relationship marketing is basically to identify, maintain, and build up a network with individual customers through integrated efforts. This way both the side would mutually benefit and

continuously strengthen the network through interactive and value added contacts over a period of time. In alumni context it means continuously evolving ways to connect with them maintaining a long lasting relation. Daniel's suggestion helped the company generate a business of around 15 lakhs.

Today KPMG IN INDIA has created its own website exclusively for its alumni. Ray says "It creates a platform for the alumni to register themselves and stay connected, to keep them aware of the news, events and other invigorating alumni programmes". He adds that "It provides an update on the emerging industry trends within KPMG IN INDIA and let them know about the key development and changes within the firm".

Recently Daniel was called as a speaker on the Coffee and Connect event, an engagement program organized by KPMG IN INDIA. It was a campaign to connect the current employees to the alumni of the firm. Daniel was warmly welcomed and introduced by Ray, Partner and Head of Marketing and Sales who was his senior during his tenure in KPMG IN INDIA. They shared their fond memories in a light hearted chat. Daniel narrated his professional journey from start and shared his experiences and valuable lessons learnt during that time. He also gave some updates on how things work in GLOBEINDIA which helped KPMG IN INDIA get some insights of the work culture in a different organization.

KPMG IN INDIA undertook a three months campaign called the # HOMECOMING campaign. It was a social media campaign and rejoiner's view of "what got them back" and was posted online, which led to a feeling of nostalgia among many other alumni. One of the rejoiner through this campaign said "It's almost like yesterday when I was working on my first project here". Andrew, today a senior Tax consultant in KPMG IN INDIA is happy to join KPMG IN INDIA because of the brand and reputation which KPMG IN INDIA holds in the industry and market. Neetu of the Alumni team says "I get so many inquiries about any opening in KPMG IN INDIA. It was great to see that KPMG IN INDIA holds such a great respect even after employee ceases to be a part of it".

Alumni Engagement requires the constant updation of its database. KPMG IN INDIA has 16000 plus alumni and according to an internal survey a majority of these today are self employed or working as entrepreneurs. The youngsters left the organization within 6 months or one year mainly for higher education. A majority of them are located in Bangalore, Mumbai followed by other metro cities.

In order to differentiate itself from the cutting edge competition, KPMG IN INDIA has come up with a brand merchandise shop for its alumni. This brings up a question as to why is a brand logo so important? Does it create a feeling of belongingness and association? Does it show how loyal an ex-employee is to his brand?

The HR department of KPMG IN INDIA considers alumni engagement as a helpful tool for talent acquisition. It is felt that although alumni engagement is driven by the markets team as it involves constant communication and event management, the beneficiary is the HR team since it simplifies their recruitment exercise reducing the investment which would have otherwise been done in case of a new hire.

Often it happens that an employee leaves the organization involuntarily. In such cases resistance is created by an ex-employee to get in touch with the firm. KPMG IN INDIA has faced lot of challenges while contacting such employees. Their attitude towards the company has been negative and they never want to connect back though they are a talent pool who helped in building the organization. So a question arises as to what can be done to convert such resistance to acceptance?

Alumni association is a budding concept and not many organizations have this function as a separate department. With time the importance of networking is being realized by corporates and thus alumni are gaining importance in every organization. KPMG IN INDIA being a service based company can spread its worth and value through such intangible actions like word of mouth and providing best services through ambassadors. Posters and Social Media definitely are some other ways to spread awareness but nothing can beat a person recommending something based on his real life experience?

The engagement programmes involve a huge cost to the organization. Every reunion or dinner takes place in a five star hotel wherein lot of fun activities and competitions are organized to engage the alumni and keep them lively during the meet. It can be pondered over if alumni are so important for an organization? Does the cost justify the benefit which the organizations incur?

Ray would be soon introducing the referral option which according to him would be of mutual benefit to both the parties. Singh an ex-employee of KPMG IN INDIA works in a leading MNC and has a friend who is currently unemployed but has a rich experience in a particular field which matches the requirement of a job opening in KPMG IN INDIA. Singh can refer this person through the alumni referral program which would be available on the alumni website. The benefit through this is that Singh's recommendation would be held in high esteem and would be rewarded by the firm in case his friend qualifies to secure the job. To the organization it is able to hire a talent without much effort.

It has been observed that Alumni sometime feel that the organization is connecting to them only to solicit business from them. Although the motive of the organization behind all these efforts is to create business and increase its client base but it should not be the sole purpose. Alumni feel more involved and captivated when they see communication coming from top management .The top management like Partners and Directors should often get in touch with the alumni to keep them connected to the previous organization.

KPMG IN INDIA publishes the alumni newsletter and magazines every quarter which contain a section of 'alumni speak' in which experiences of various alumni are written. A rapid fire round takes place with the alumni before publishing their views. This makes the alumni feel more involved with the organization. The alumni newsletter of KPMG IN INDIA also has a short article on the reunions, lunch and dinner meets and pictures. The newsletter is an attractive tool to arouse interest in the alumni to connect back and interact.

On 20<sup>Th</sup> May KPMG IN INDIA organized a webinar on the topic- 'Disrupt and Grow'. The 2017 Global CEO Outlook is the third annual global survey report and a flagship global thought leadership programme of KPMG IN INDIA. The report is based on the collective apprehensions of 1,261 CEOs across 10 markets and 11 key sectors. It reveals their common urgency to 'disrupt and grow', casting the concept as a key point of focus for the 2017 Global CEO Outlook campaign. The main reason of involving the alumni was to give them a chance to listen to the discussions and thoughts of various CEO's and an exposure to be a part of such an event as it would help them personally and professionally too.

Ray says" We are now trying to focus on relationship building and marketing with the alumni as we see a positive scope for the organization". When alumni visit their ex- company and deliver training sessions there is a sense of pride especially the respect the alumni receives from current employees .The employees also get an opportunity to learn and enhance their knowledge on various aspects. They create their network for their future benefit. Relationship marketing in this case is how KPMG IN INDIA would maintain its relationship with its ex-employee and how that would market the brand, develop brand loyalty and increase retention. This would be advantageous to KPMG IN INDIA as many times more importance is given to a brand name even if an employee is substantially offered a low pay package. Many alumni might even return just to enjoy the reputation of the brand.

With the growing presence of companies on Social Media, on platforms such as Facebook, LinkedIn, Instagram ,Social Media Campaign have gained importance. Every event is posted on the social media website page of KPMG IN INDIA. This enables even the general public to have a look at the efforts of the organization towards alumni engagement.

Today KPMG IN INDIA provides special career opportunities to its alumni on the alumni website. Many a times if their experience is relevant to the job profile, they are given preference over other candidates. Apart from this alumni are also given various alumni offers and perks in different products and services they purchase or avail.

### **SUGGESTED OUTCOMES**

It has been observed that KPMG alumni do feel proud to have worked here and the value and culture of the workplace was a constant source of motivation for them.Alumni get to stay connected which helps them expand their network. On the other hand organization also benefits as their word of mouth is one of the best brand building tool. Alumni prove to be the best brand ambassadors. Based upon the discussion the following challenges are found:

1. Does the cost justify the benefit which the organization gets from these engagements?

2. Secondly how can resistance to connect back be converted to acceptance? Are there better engagement ideas that could be developed?
3. Thirdly, could there be any more reasons as to why alumni are important to its previous organization from business growth perspective?
4. Lastly ,during times of crisis in the organization can alumni be one of the best resources to solve the issue of the present organization?

#### **IMPLICATION**

The implication of this study is that a simple database can help the organization in multivarious organization effectiveness building. If the database is put to the best use and utilization it can immensely help an organization grow and enhance its brand image which every company desires.

## COMPENSATION PLAN: A TRIGGER FOR EMPLOYEE MOTIVATION

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### ABSTRACT

*In today's era, compensation is the most complex and crucial function of Human Resource Management. Fair and equitable compensation is the primacy right of the employees. They are the backbone of a business, and time and again it has been proven that happy employees are more committed, motivated and productive. This project will help in identifying and analysing the main factors responsible for employee attrition. The compensation policy act as an indicator of the management approach and the concern for them. It takes time, effort and money to recruit new employees having required skills and experience, to train them and to help them reach the levels of performance and quality of work, which are comparable to the lost employees. Balancing the needs and wants of the employee with the available resources in a highly dynamic economy is a constant challenge, and one which many successful organizations regularly excel at. An effective compensation plan is perhaps the most effective manner to retain the employees and reduce the attrition rate of the company.*

**Keywords:** Compensation Management, employee stock ownership plan, profit sharing plan, attrition rate

### INTRODUCTION

J.k. Organization, founded over 100 years ago, is an eminent industrial group in India. The group has multi business multi product and multi - location operations. The organization is recognized as a dynamic force playing a key role in the resurgence of India J.k. organization has different companies for different businesses. Most of these are public limited companies and are quoted on the stock exchange with a large number of public shareholders J.k Tyre has a global presence with manufacturing activities and outsourcing arrangements in different parts of the world. Its exports span over 80 countries across 6 continents. All products of the group are not only strong brand names, but also reputed market leaders, in their respective segments. The organization has set up highly reputed research and development institutes in India. The success of the group is based on the use latest technology, continuous research and development and innovation. Today JK organization is a \$ 4 billion group with leading brands in Tyre, auto components, cement, paper, dairy, agri, energy and power, defence, clinical research and insurance.

### BACKGROUND

Nowadays, the biggest challenged faced by many companies is ‘ATTRITION’. So let's understand the meaning of attrition at first “The wearing down of an adversary, making employees weaker by repeatedly exploiting them or wearing down of resources i.e. the process of reducing the number of individuals who are employed by an company by not replacing people who leave the job.” Now the second term which we need to understand is Employee Attrition. It is a situation faced by an organization or employer when new employees joined leaves the organization to join other when he or she gets offers. To be more clear, employee attrition is a situation which employer face when employee left the organization due to new opportunity in the market, retirement, job dissatisfaction, & natural cause. There can be various reasons and impacts of employee attrition. Reasons of attrition in an organization can be as followed:

- Poor Rewards and Recognition process.
- Insufficient remuneration and employee benefits paid to employee by his employer.
- Mismatch of skills and job profile.
- Stress at work and imbalance of work-life.
- Odd working hours.
- Entrance of potential competitors and sectors in to the market.
- Lack of authority provided to accomplish ones task.

- Monotonous job cycle.
- Lack of leave availability in time when required.
- Poor promotional policies and salary revisions.
- Lack of proper facilities provided to the employees by the employer.
- Lack of healthy and positive working environment.
- Poor concern of employer about employees.

Attrition is a biggest challenge faced by every industry. There can be various reasons and impact of employee attrition. JK tyres and industries was trying to figure out what to do about the problem and reduce the employee turnover rate. Few meetings were held and the reason for the turnover rate comes out to be that some of the employees wants to start up their own business while others joined their competitors. Still the problem was not yet solved there was something which was keeping the employees demotivated and dissatisfied. There was no enthusiasm among employees towards work. The situation was getting worse when the company thought to give it a final call and conducted a survey which will majorly focus on the compensation plan of the company. But unlike other plans will this work and help the company to retain its employees for longer period of time?

### **PROBLEM STATEMENT**

- Some organizations over the years see employee as additional cost as well as liability to their operations, hence do not remunerate them appropriately, and where it is more appropriate, the compensation is not commensurate with the efforts and skills that workers put into the organization.
- It is in the view of this that the study seeks to identify the gaps in the compensation structure of the company.

### **FINDINGS**

- Most of the employees feels that JK Tyre's compensation plan adequately meets their needs and requirements. This is representative of the fact that JK Tyre is able to sufficiently cater to the employees.
- Though the positives far outweigh the negatives, it is still important to ponder over what could be improved. From the responses, it is quite evident that the compensation plan might not be very competitive in the market, and this will be one aspect where JK Tyre will want to improve in the near future. Another aspect which JK Tyre can use to shape their future plans is their pay being competitive in the market.
- There was almost equal agreement and disagreement in responses that JK Tyre employees are paid at par when compared with their competitors. It is quite the balancing act for the management to efficiently employ their limited resources and at the same time meet every employee's demands, but the fact that there is equality among those who agree and disagree would be enough reason for the management to reconsider their competitive position in the market in terms of pay.
- The analysis also reveals that only a small percentage of the employees agreed that they are compensated as per their skill used in their jobs. This is another small chink in the armour for JK Tyre, and no doubt one aspect in which more thinking would be required. The most basic right of an employee is to be compensated fairly for their skills and talents. That only a small percentage are in agreement presents a challenge for the HR and management at large.
- A large majority of employees disagreed to being given a part of the profit when the organization achieves their targets. Though it is a practice that is seldom followed in today's day and age, it remains a point for the management to ponder over, and perhaps can pave the way for compensation plans in the future. The best firms rarely ever rest on their past laurels, and JK Tyre is no different in this regard. Perhaps profit sharing will one day become a part of the compensation, and it does leave a point where the good can become even better.

## **CONCLUSION AND RECOMMENDATIONS**

Employees form the backbone of a business, and time and again it has been proven that happy employees are more committed, motivated and productive. Though the previous statement sounds easy, on the contrary it is indeed one of the most challenging aspects of running a business. Keeping employees happy is a simple strategy with various complex and multifaceted aspects involving diligent and persistent work. Balancing the needs and wants of the employee with the available resources in a highly dynamic economy is a constant challenge, and one which many successful organizations regularly excel at.

A competitive compensation structure will ensure that the best talent across the board is attracted to the organization, and furthermore once hired, will ensure the development of a long-term relationship as well. The past record seems to inspire confidence that the management will swiftly cover this small weakness as well, and thereby ensuring that all employees are indeed kept happy, satisfied and motivated.

From the study it is clear that there is a need to make changes in the current compensation structure of the company in order to reduce the attrition rate. This is not the only reason of attrition there can be others too.

Some of the **recommendation** for the organization are as follows:

- The organization can adopt a policy of profit sharing plan. If the company wants to recruit top level senior executives then it can go for deferred profit sharing plan and in case they want to motivate their employees they can go for cash profit sharing plan
- Under executive compensation the company can offer ESOPs to their employees
- Performance linked incentives should be given to all the employees (not only to GM and above level
- Offer competitive pay in order to retain the employees.

## PERFORMANCE APPRAISAL: A DIFFERENT PERSPECTIVE

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### ABSTRACT

*A management to maintain its effectiveness has to keep coming up with new ideas because it not only gives the business new directions but also helps sustain employees a sense of satisfaction. In today's organizations a lot of emphasis is put on the workforce as human asset are the most important aspect of any organization. It is clearly known that evaluating performance of employees is important but less emphasis is put on how to evaluate without any partiality. According to a study, 60% of employees think performance appraisal is a waste of time whereas 70% have no idea how it is done. Organizations following performance appraisal in an effective way has seen positive results which has encouraged researchers to explore this topic till date. Performance appraisal is a way of enhancing employee performance by rewarding the employees while taking the organization's future in the right direction. In many organization performance appraisal is not carried the right way which in contrast gives negative result to the organization. This study found that it is important for organization to have a formal performance appraisal system in order see effective changes. On the other hand if formal appraisal system does not take place, there are higher chances that appraisers make a judge mental and biased evaluation. These judgments invite negative perceptions among the managers of the organization. The study also found that it is only with implementing feedback mechanism that the organization can have a successful performance appraisal system.*

*This study mainly focuses on three objectives. Firstly, Understanding the problem of employees at Burger Singh and taking actions to implementing the same. Secondly, Emphasizing on the possible problems of performance appraisal and giving suggestions to the organization. Thirdly, making an effective performance appraisal plan for the organization.*

### INTRODUCTION

Burger Singh is fast growing Quick Service Restaurant (QSR) which is gradually taking a bigger place in the market. It is a systematic organization which truly believes that employees are their biggest asset. In order to maintain a level of commitment of employees an efficient appraisal system should be maintained

### PERFORMANCE APPRAISAL

Performance appraisal is defined as a systematic evaluation of the performance of employees on the basis of which they are rewarded by giving promotion and demotion or warning in case of degraded performance. Performance appraisal is the perfect tool to know whether the employee needs training or not and if the employee needs training performance appraisal also helps in understanding which area the employee needs training. Performance appraisal is further categorized into traditional and modern methods which can be decided based on the type of organization. **Dale S. Beach**, "Performance appraisal is systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development". Talking of the importance of performance appraisal it is also important how often it should be conducted. Appraisal were earlier conducted once in a year but gradually this once-a-year phenomena is fading. A large number of organizations are opting for twice a year or even quarterly reviews. The main reason for this change in trend was to reward employees as soon as they show good performance and not waiting for the year to end for the appraisal to take place. Organizations like Akzo Nobel India has been following twice-a-year phenomena while the number of companies following this has been increasing ever since. Nivea India is another example that has recently adopted the same.

### IMPORTANCE OF PERFORMANCE MANAGEMENT

Performance Management can be defined as an organization's capacity to develop its human resources in order to achieve the goals to outshine their competitors. Cascio and Aquinis (2005) define performance management as a process of attracting, motivating, assessing the performance of employees within the organization in reaching its goals. Cascio and Aquinis (2005) also stated that performance appraisal in which the organization assesses the performance of individuals as a measure against the standards set by the

organization after defining responsibilities to them. Performance appraisal also provides employees with feedback with which they become aware of how their current performance can be improved which indirectly enables opportunity for employee communication as well (Kirkpatrick,2006). A good performance appraisal communicates real performance of the employee and provides equal opportunity to employees and employers with giving their positive and negative feedback without any filters which in return helps the employees to be on track. The main objective of performance appraisal is to help employers guide them with decisions based on promotion, demotion, transfers as well as eliminate poor performers. Forced rating/ranking and managing by objectives (MBO) are the two commonly used performance appraisal methods. Forced rating helps in labelling individuals into categories whereas Managing by objectives allows employees to work in a specific direction of the organization's goals. There are many advantages and disadvantages to both the methods. Forced ranking helps in eliminating dead wood of the organization. A complete performance management system includes attracting perfect employees, retaining them, planning the performance, assessing, motivating and creating conditions that encourage employees, giving feedback and reviewing performance. All of which helps employer in driving performance which in return has the capacity to generate higher profits, higher service levels etc. to the employer (Miller,2006)

### RATER'S BIAS

Rating errors can be defined as the mistakes that the evaluator tend to make in judgment that often results due to extraneous factors that influence the decisions about the quality of the employee's performance. Sources of rater bias can be many. Some of them are explained below with examples:

*Attractiveness effect-* a tendency for people to assume that physically attractive people are also superior performers. Example: David, a recruiter, who filters out resumes seeing the photographs of the candidates.

*Attribution effect-* a tendency to claim failures of others to their internal factors on the other hand success of others to external factors. Example: Sarah passed the exam because it was very easy not because she worked hard.

*Central Tendency-* a tendency to rate people in the middle of the scale even when their actual performance lies near the extremes. Example: The law required companies to treat all the employees same, and a conscious desire to avoid confrontation, Harsha rated all eight employees as successful despite of the differences in their performance.

*First Impression error:* a tendency of manager to make positive or negative judgment of the employees based on their first impression. Example: Pheebe, a manager, notices that Varsha was properly leading the group in an activity conducted on first day. Based on that she selected Varsha as a class representative

*Halo/Horn effect:* a tendency to cause you to allow one trait whether it is good or bad to overshadow the other trait. Example: Jeffy's excellence led her manager to unthinkingly rate her exceptionally in other areas as well where her performance was average.

### MISSION STATEMENT

Tipping Mr. Pink is the holding company of Burger Singh. Burger Singh is a fast growing startup which aims to serve indianized burgers to the people as their tag line says "Desi divine, delivered on time". The aim of Burger Singh is to sell burgers to the people with an Indian twist. The burgers are made with Indian spices. Burger Singh currently has 8 outlets in Delhi/NCR.

### REWARD SYSTEM

Performance initiative plan is a reward system that is designed specially to increase performance of the employees and also achieve organization goals hand in hand. Burger Singh follows a regular reward system. The employees are rewarded as soon as possible after an exceptionally good performance. As reward system is not done all in once or in regular intervals.

The reward system at Burger Singh differs for employees that work at the Head Office and for employees that work in outlets i.e. individuals in operations and support team.

For rewarding the team members, a brief discussion takes place among the employer and the restaurant manager i.e. individual that supervises team members in each outlet. Once the restaurant manager suggests names for the appreciation then further they are rewarded with appreciation letter.

Bonus is provided to Team Members for good performance

For employees working in the Head Office, the Human Resource of the organization drafts the letter of appreciation and give it to the employees themselves. They are also provided by the employer sometimes which brings in motivation among the employees to work harder for the organization.

### **CURRENT APPRAISAL SYSTEM**

Currently there is a systematic appraisal system followed in Burger as the organization has just entered the market. The employees of Burger Singh are called for interview quarterly or after 8 months of joining of the employees. The name for appraisal is suggested by the restaurant managers. Further on stipulated dates, the interview is taken by the co-founder of the organization where a few set of questions are asked and on the basis of which it is decided whether the employee is promoted or not. The organization does not have a feedback system because of which the employees especially the Team members are unable to portray their problems openly to the management.

### **BENEFITS**

Employees of the Support team enjoys certain benefits like compensation off i.e. taking holiday on any day if they work on public holidays, employee provident fund, ESIC funds, employees are granted with 18 earned leaves in one year.

### **COMPENSATION**

As stated by Ducharme (2005) the compensation structure and reward system of any organization is the most important determinants of its survival. There are many ways to improve the pay aspect like communicating effectively regarding the pay process, increasing the level of pay, providing a better environment to work and job security. In Burger Singh, all employees are paid on 4<sup>th</sup> of every month for the period of previous 1 month

### **STAFFING**

As Burger Singh is a startup which included a majority of people working between the ages of 25-35 years. The organization opens doors for people above and below this range.

### **WORKPLACE ISSUES**

The environment where the work is done is also a major factor determined in the satisfaction of the employee. Based on the one on one session taken during the internship with the employees (both support team and operation team) the following work issues were stated:

- There is communication gap among the employers and the employees in the operations team. It is usually carried through the Restaurant managers who sometimes do not deliver the exact problem
- Higher rate of attrition among the employees majorly due to salary and work timings
- Limited Human resource professionals in the organization brings in problems related to recruitment, and delay in processes like pay rolling issues, scheduling interviews etc.
- Workplace policy and consistent practice determines how management operates on workplace issues

### **PARAMETERS AND LIMITATIONS**

- The organization is a startup therefore there are fewer number of employees and also the organization has to take careful step for any implementation of ideas. For implementing an effective performance appraisal in a startup is not an easy task as the organization is already working in building something really fast in a limited amount of time. Therefore it difficult to focus on internal development.
- Secondly, In startups where the phenomena of hire fast fire fast takes place, Performance appraisal still carried a loose image in the mindset of people. So in a startup, the appraisal structure is not very structured as the things are promised fast-paced.

- Limitations of the case study is that the number of people to conduct performance appraisal in the organization is limited and also sometimes there are financial barriers to the organization.

## OVERVIEW OF THE STUDY

Burger Singh is a fast growing food chain startup which is gradually spreading its roots across Delhi, Pune. Recently it has also opened its new outlet in United Kingdom. Being a startup company it is showing a great performance among its competitors in the market. The organization follows a systematic procedure for reward system and performance appraisal. It follows a yearly appraisal system and a quarterly reward system to the employees. Organizations of the twenty-first century must realize not only are technologies an important asset of the organization but at the same time human assets are equally important in order to achieve their long term success of the organization (Mujtaba, 2008). This is the reason why training and coaching is considered critical in today's competitive workplace. Performance assessment also helps in the overall development of the organization and is an important element of the holistic paradigm for growth of the organization. Herman Aguinis stated that '*performance management is a continuous process of identifying, measuring, and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization*' (2007). This definition focuses an effective performance management program includes a continuous feedback process for the overall development of the organization and the individual employees. Aguinis states that 'Any system that makes evaluations once a year without any coaching for further improving the performance is not a true performance management system'(2007). It was also added that performance management program that does not explicitly make clear to the employees what contribution is expected from them is also not a true performance management system. Burger Singh also follows a form of performance appraisal where it is conducted once in a year. The concept of employee engagement can be inculcated to make it a better place to work which will also increase the employee commitment. Employee engagement is one important way of enhancing the performance management process. It is the objective of performance management, increased performance can be considered distant outcome of the whole procedure(Borman & Motowildo, 1993) Example: Kuvaas(2007) stated that developmental goal setting and feedback and self-reported performance is mediated by intrinsic motivation. Norris-Watts and Levy(2004) stated that feedback setting and organizational citizenship behavior was partially mediated by affective commitment. Therefore Effectively managing the performance needs achieving outcomes that precede increased performance. According to Mone and London(2010) designing performance management system that fosters employee engagement leads to high levels of performance. Emphasis on employ engagement in performance management process helps improving performance beyond that achievable with a conventional focus. Banks and May(1999) stated that a traditional performance assessment is appropriate for jobs which are stable where the job done is procedural. Organization's like Burger Singh gives an example of jobs more variable in nature. Salanova(2007) stated that engagement is essential for contemporary organizations despite of the challenges that they face. Many writers have mentioned engagement as a key driver of individual attitudes, behavior and performance. Given the importance of the concept of employee engagement in organizations, a key issue is how to promote employee engagement in organizations.

## STATUS REPORT

The organization is making due efforts to improve the performance appraisal system of the organization. The founder and co-founder in discussions with Human resource (HR) of the organization have improved the performance appraisal from once in a year to every 8 months. The founders aim at evaluating the performance of the employees without any bias.

## CASE PROBLEMS

The current situation regarding performance appraisal in Burger Singh can be further improved. Several models have been stated that provides a base for how to enhance employee engagement. For example: Kahn(1990) suggests that three psychological conditions serve as antecedents of personal engagement: Psychological meaningfulness, psychological safety and psychological availability. Psychological meaningfulness is defined as to how important it is for an individual to portray her/his performance role. Psychological meaningfulness is also achieved with people feeling worthwhile, and making them feel that they matter. According to Kahn(1990) three factors influence i.e. task characteristic, role characteristics and

work interactions. Psychological safety includes one's perception of how safe she/he feels in bringing oneself to a role performance without any fear. It is associated with reliable and predictable social environment. Kahn(1990) stated that there are four factors impact psychological safety which includes interpersonal relationships, management style, group and intergroup dynamics and norms. Psychological availability includes how open an individual is to a role. It is associated with physical, emotional and psychological resources people bring to their role performance. Kahn(1990) states that four things affect psychological availability which includes depletion of physical energy, insecurity and outside lives. Steps to integrate performance appraisal with employee engagement are as follows:

#### ***Performance agreement***

This stage involves performance agreement. It is mainly focused on goal setting and making a psychological contract.

#### ***Goal setting***

Goals are important for initiating the employee engagement process as goals stimulate focus, energy and a feeling of engagement. Macey stated that feeling of engagement does not occur without a specific objective and to make this happen there should be an alignment between individual goals and organizational goals because it ensures that employees are involved in the tasks. Therefore it is important for the organization to make clear its goals to the employees based on which goal setting should take place.

Performance agreement includes negotiating goals that the employees will accomplish. Employees needs for development can be considered when establishing goals. Armstrong(2000) suggests that employees should be allowed to formulate their own goals related to the organization which will provide them with a sense of engagement instead of requiring them to satisfy imposed goals. There is a three step process for having an understanding between an employee and an organization. Firstly, asking about the employee's values and goals. Secondly, to draft an Employee Development Agreement (EDA) that imbibes their goals. Thirdly, to timely monitor the goals. Schaufeli and Salanova(2007) noted that this process modification in the existing performance.

#### ***Psychological contracts***

It states the implicit/explicit expectations of an individual from an organization. This fulfilment has shown to be associated with both task-related and non-task related performance and also leading to higher level of engagement as per Social exchange theory

#### ***Engagement facilitation***

This includes making the employees realize they belong to the organization and facilitate this feeling by conducting certain activities, games among the employees that needs the employees to team up among themselves.

#### ***Job design***

This aspect states that the performance management system should give every employee with equal opportunity when it comes to giving opinion. This will promote psychological meaningfulness and foster engagement. Employers should also ensure that there is a good fit between employee skills, needs and values

#### ***Training***

Murphy and Denisi(2008) noted that performance management strategies are designed in order to motivate employees. In some cases where performance problems have less to do with motivation then training is the only solution. Employees feel engagement when the organization gives them opportunities to develop. Training also makes employees feel secure about their job

#### ***Feedback***

Feedback helps in the overall development of the organization and the improvement of internal processes. Every employee will feel engaged if they are given the freedom to portray any problem without any hesitation. Therefore positive feedback also helps in making the individual motivated to work harder.

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## ABOUT THE BOOK

The Present Business Environment is witnessed by ever-changing demands, aspirations and developments thus making sustainability a big challenge. This demands experiential learning and sharp analytical skills to be imbibed to get adepted in present challenging environment. Case studies being a strong source of providing manifold insight and learnings are thus inimitable source of learning.

The present book discusses the contemporaries in Business Management across globe in different sectors from manufacturing to Service industry. The wide spectrum of topics covered in the book provides an addendum in understanding and applying contextually to Business problems and ensuring excellence. Since organizational success cannot be separated from effective managerial practices thus it becomes important to inculcate required values, attitude, abilities and behaviour in the budding managers. This makes the task of leadership building more indispensable.

The present book is an outcome of learnings made during Summer Internship Program across the corporate that helps in imbibing the requisite skills and making leaders and inspire changes in its environment.

Organization success is inseparable from the managerial practice just like any organized social activity is inseparable from the values, attitudes, abilities and behaviour of the group leader. Practical problems of management through effective leadership are being solved easily with insights developed from Case studies.

The Comprehensive cases elaborates on different areas of management delving upon strategic application and effectual outcomes. The Book is a modest attempt towards the relentless pursuit towards learning. We are confident that this piece of knowledge will provide valuable cognizance towards a re-inventive approach of unsurpassed Management corollary across classrooms, corporate and Executive development.



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