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From the Desk of Editor-in-Chief

Pinnacle Des Academia is devoted to advancing an understanding of issues in the management of global enterprises, global management and practice and providing theoretical and managerial implications useful for the further development of research. In this era of advancement it presents cutting edge researches that provide researches with a forecast of new management thought and techniques.

It is designed to serve an audience of researches educators, as well as business professionals, by publishing both theoretical and empirical research relating to management and technological issues.

Dr. S.M. Tariq Zafar, Dr. D.S.Chaubey & Mr. S.M. Khalid attempt in their paper the performance, growth and awareness of selected Indian general insurance companies in the light of recent economic development scenario.

The paper written by Prof. Ileyas Rizvi is base on the study of behavioural aspect of service quality and the gap analysis on the basis of proposed new expectation and perception.

The next paper is "Consumer buying behavior on celebrity endorsement and brand building in retail industry" by Raj Kumar Mishra. The study focuses that celebrity endorsement acts as a source of brand-building and has impact over the purchasing behavior of customers in case of retail products.

The next paper 'strengthening of Indian Education Industry to avoid the economic instability' by Srikant Mishra tries to study the way of integration of economy with education and role of education to overcome the effect of economic fluctuation.

The next study by Ms. Shweta Misra, Mr. Vibhu Dubey and Mr. Amit Gothwal is being carried out to understand the significant impact of XIX Common Wealth Games on the movement of tourism industry of India.

The paper written by Ms. Charu Bisara & Ms. Alpana Srivastava discuss the FDI policy, its concern from government point of view and retail point of view. It also discuss the impact on social and economic status of country it FDI is being allowed and if not.

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Original Articles

Financial Performance of Indian General Insurance Companies in Pre Recession Period

Dr.S.M.Tariq Zafar*
Dr D.S.Chaubey**
S.M.Khalid***

Abstract
Liberalization and globalization in Indian economy has changed the scenario to a large extent. With growing wealth and savings, behavior of investors and savers has changed and become more futuristic with aggressive risk taking appetite. India with more than 200 million middle class household has a great untapped potential in this sector. With drastic reforms and relaxed policies and regulation it become more competitive and unpredictable like other financial markets and have attracted several national & international players competing with different insurance products and growing at rapid rates. In the light of these recent developments, a systematic analysis of the profitability and overall performance of general insurance is inevitable. The present study attempts to analyze the performance, growth and awareness of selected Indian general insurance companies 'like Bajaj Allianz General Insurance (BAGI), Iffco-Tokio General Insurance (ITGI), The New India Assurance Company ltd. , (TNIA), Industrial Credit and Investment Corporation of India Lombard General Insurance (ICICI), The Oriental Insurance Company ltd. TOI, during the period of 2003-2007. For the purpose, ratios have been calculated and statistical tool ANOVA is implemented. At last concluding remarks and suggestions been given.

Introduction
Survival of nation depends on growth which requires overall resources and finance which is among the most important resources on which economical growth rotate. Insurance industry plays significant role in promoting economy of the nation. On one end it provides risk cover to individual or to projects and on other end it contribute long term funds generated from insurance products and policies which ultimately strengthen the economy. Insurance sector has made remarkable progress in mobilizing the resources and later in channelizing them. It has created big reservoir which is being utilized to fund socio- economic activities of national importance on socio- commercial base. It is direct descendent of the economic order and its growth and development has direct relationship with the levels of growth and sustainability of the nation's economy. Importance of insurance business covering wide variety of risk optimizes and increases with degree of changes in the environment. Everything has its life cycle and the journey of success and growth moves on the vehicles of various economic orders, from nomadic to agriculture, to information-economy to bio- economy. But due to high competition and technological up gradation and innovation, life of business and economies are becoming shorter and shorter and it has become a herculan task to predict the velocity of change. Therefore, befogging of business and emergence and reemergence of new economic models promoted law of increasing return in insurance sector to a great extent.

Indian insurance sector has created circular path, beginning from competitive liberalized market to nationalization and coming back again to a liberalized market. The organized business of insurance sector in India started without any regulations with the establishment of the Oriental Life Insurance Company in 1818. Due to British control the entire insurance industry was in the hand of overseas companies till 19th century. To regulate the insurance sector Life Insurance Companies Act was passed in 1912 but the first comprehensive legislation was introduced in 1938 as an Insurance Act. With growth and diversification it attracted innumerable operators but still far away to achieve maturity. The industry importance was recognized as a valuable assets and received due importance after independence. The need to cater the growing financial requirements and for better control in public interest after 1956 all the private insurance companies was nationalized to establish LIC. Further General Insurance Business Act was passed, and after 1972 all the non life insurance companies were nationalized and GIC got formed. In order to develop more effective reforms IRDA bill was initiated in the Parliament in December 1999 and later on 19th April 2000 Insurance Regulatory Development Authority (IRDA) was established and was entrusted with the power to regulate and register the private sector insurance companies along with protection of the interest of policyholders.

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Indian Insurance Industry came a long way after independence in terms of innovative insurance product and policies, quality of services rendered and committed growth in penetration which has rose from 2.15% (2001-02) to 4.0% (2009-10) and achieved growth of insurance sector at the rate of 35%-40% year to year. After liberalization of Indian economy there was a remarkable improvement in Indian insurance sector, which is broadly characterized as Liberalization, privatization and globalization. The need of liberalizing the insurance sector was to free it from bureaucratic controls, to induce healthy competition and to provide multiple choices to the consumers through major structural transformations, by enhancing the efficiency of operation, reaching out to untouched areas and ultimately mobilizing long term financial reserves for socio- economic development. At early stage after independence LIC was the only company enjoying the monopoly. After liberalization and globalization of the economy the demand for financial resources increases, in order to support economic growth the door was opened for private insurance companies in 1999 under the strict supervision of IRDA and the journey of domestic and international private insurers started. Privatization infused the competition and witnessed dynamic changes (Wide range of products, Insurance awareness, Insurance penetration, Increase contribution in GDP) and phenomenal growth and ultimately forced the state players to adopt more attractive approach for their successful and smooth survival. By the end of 2007-08 in India there were 15 life insurance companies including 1 public sector companies and in general insurance 5 public sector and 9 private sector companies were operating. Most of the private insurance companies are foreign multinational companies, either having their independent presence or operating indirectly through joint venture with reputed Indian business houses.

In India after privatization and liberalization there has been tremendous growth in insurance sector, according to Business Line "That insurance industry grew to the size of 50 thousand crore in 2007, with compound annual growth of 175 percent and is likely to grow by over 200 percent and is expected to cross Rs 2 Lakh crore marks in business in 2010. It is expected that state owned insurance companies which was having monopoly with 99 percent insurance market in his hand till (2000) now have 64.34 % market share in 2009-10 will grow around 35-40 percent and private insurance companies with better communication, customer services, after sales services, product innovation and flexibility will grow by 140 percent". According to McKinsey, India's life insurance industry will double in the next five years from $40 billion to $ 80-100 billion in 2012. This growth improved the level of insurance penetration from 5.1 % of GDP to 6.2% in 2010-2012.

Due to aggressive awareness and distribution approach of private sector insurers, the perception of customers considering insurance as a savings instruments or a tax saving tool has changed to risk cover and resulted phenomenal growth. Floating on the wave of growth the Life insurance sector, based on first year premium, has transformed itself from annual growth rates of 16-17 % in 2004-05 to 95% in 2006-07 and is expected stupendous growth in future. The general insurance industry has registered the growth of 11.6 percent till 2007-08. Consequently, private sectors participation in the non life insurance market rose from 26% in 2005-06 to around 40% in 2007-08 and public sector non life insurance grew by 8.6% in 2006-07. The market share of state owned companies recorded decline from 73% to 60%. The largest state owned company, New India Assurance recorded steepest declined from around 20% it came to 3%. By the mid 2007 market share of state owned companies came to 35% and on the contrary, private sector insurers market share surged to 40% in 2007 from 4% in 2001.

Review of Literature:

In the field of Insurance Industry large numbers of extensive research have been carried out worldwide in order to reveal the strength and opportunity along with its limitations. Through systematic and scientific approach the academicians and financial economist explored the obscure truth which became center of gravity and also set new parameters for others. However most of the studies are carried out in developed countries having sound earning and awareness and very few studies have been carried out in developing and underdeveloped countries. The studies carried out in India sub continent also lag behind in justifying the authenticity and validity of performance in insurance sector and thus invite study time to time. Keeping futuristic development, changes and consumer behavior in mind this study is conducted which is a humble initiative in these respects.

Kundu (2003) in his study discussed the impact of private participation in insurance industry. During his study he found that privatization have power to explore the potential of this sector to a extreme level by using latest technology and will penetrate deeply into the area which are untouched by the social sector insurance companies and this will provide opportunity to the mass who prefer regular and safe return with minimum risk, Kpse.S and Kodwani D.G (2003) in their study tried to explain the impact of the reforms. He suggested that for the purpose to attract all class of investors there is need to develop short term policies which have attractive features, safety of return, minimum risk and high liquidity, Krishnamurthy. S, MonyS. V, Jhaveri. N, Bakhshi. S, Bhat. S and Dixit M R (2005) in their paper tried to explain the status, growth and impact of insurance sector after liberalization and reforms. They revealed that growth of insurance sector depends on penetration which depends on awareness and quality services of insurance companies. Satisfaction of customer and increased saving will give pace to growth. Though reform has fueled the competition and created multiple choices to the customers' along with competitive efficiency, Rastogi S and Sarkar R (2006) in their research work identified and analyzed the causes and objectives which were instrumental for sector reforms. They found that India being second highly populated country in the world have least insurance. They compared present insurance industry status with pre liberalized era and augmented that this negativity can be converted into opportunity with proper reforms, Murthy, R Babu and Ansari (2009) in their study analyzed the performance of LIC in order to rationalize the impact of globalization and growing competitions which have been arises due to sector reforms. The study revealed that after reform LIC is facing direct competition from private players and has declined gradually with passing time. It is found that the growing competition became advantage to the customers and revolutionized the product range, efficient services in order to retain the policy holders and satisfying their expectations. Further they found that impact of competition is positive and have generated awareness and penetrated deeply and resulted in accumulated growth, Pratima Chatterjee (2009) in her study revealed that private insurer are improvising their growth rate year to year and on contrary LIC has declined to a great extent though it have still highest share in the market. Further she also found that with all problems industry is having upward trend, C. Bharti, C. D. Balaji and Ch Ibohal Meithei (2011) in their study examined the impact factor of reforms on the world fastest growing insurance market. They found that due to private participation entire industry has changed in all regards. The finding of the study suggests that insurance companies may not only focus on developing and improving the verity of products but explore new segments and develop effective strategies to achieve profitable growth.

Objective of the Study:

The core objective of the study is to understand and analyze their qualitative and quantitative performance and comparative analysis of their efficiency and profitability position. Another objective is to assess the best and worst performer among selected general insurance companies in India on the basis of their performance. The study is carried out to gain a practical exposure of financial analysis of general insurance companies in India.

Hypothesis of the Study:

The study tests whether the selected variables of sample companies vary significantly during the study period. This specific hypothesis is tested at appropriate time while analyzing and interpreting the results. Thus in orders to reveal authentic result following hypotheses have been taken to put on test:

H1: The current ratio (CR) position of Bajaj Allianz, Iffco-Tokio, The New India Assurance, ICICI Lombard, and Oriental Insurance company differ significantly.

H2: The proprietory ratio (PR) position of Bajaj Allianz, Iffco-Tokio, The New India Assurance, ICICI Lombard, and Oriental Insurance company differ significantly.

H3: The solvency Ratio (SR) position of Bajaj Allianz, Iffco-Tokio, The New India Assurance, ICICI Lombard, and Oriental Insurance company differ significantly.

H4: The return on investment (ROI) position of Bajaj Allianz, Iffco-Tokio, The New India Assurance, ICICI Lombard, and Oriental Insurance company differ significantly.

H5: The fixed asset to net worth Ratio (FANWR) position of Bajaj Allianz, Iffco-Tokio, The New India Assurance, ICICI Lombard, and Oriental Insurance company differ significantly.

H6: The gross profit margin Ratio (GPMR) position of Bajaj Allianz, Iffco-Tokio, The New India Assurance, ICICI Lombard, and Oriental Insurance company differ significantly.

H7: The net profit margin Ratio (NPMR) position Bajaj Allianz, Iffco-Tokio, The New India Assurance, ICICI Lombard, and Oriental Insurance company differ significantly.

H_8: The fixed asset (FA) position of Bajaj Allianz, Iffco-Tokio, The New India Assurance, ICICI Lombard, and Oriental Insurance company differ significantly.

Research Methodology:

The study is carried out to make comprehensive evaluation of five most trusted and preferred General Insurance

Companies in India for the period of five year from 2003 to 2007. For the purpose, selection of companies listed on the Insurance Regulatory and Development Authority (IRDA) is done by using simple convenience sampling and the research design adopted for the study is analytical and descriptive which is based on the secondary data and the secondary sources of data were the various websites, published annual reports and balance sheet of the companies. The selected companies for the study are Bajaj Allianz General Insurance, Iffco-Tokio General Insurance, The New India Assurance Company Ltd., Industrial Credit and Investment Corporation of India Lombard General Insurance (ICICI), The Oriental Insurance Company Ltd.

Tools Used for Data Analysis:

The outcome of the study depends on the selected time period, implemented statistical and financial tools by the researchers which may differ from other analysis. For interpreting the results and to analyze the data variables used are: Current ratio (CR), Proprietary ratio (PR), Solvency Ratio (SR), Returns on Investment (ROI), Fixed Asset to Net worth Ratio (FANWR), Gross Profit Margin Ratio (GPMR), Net Profit Margin Ratio (NPMR), and Fixed Asset (FA). Further statistical tool used for interpreting the results are One-Way Analysis of Variance (ANOVA).

Fundamental Analysis:

Fundamental analysis is a scientific approach to analyze the performance of the company as it tries to estimate the intrinsic worth of the company. It effectively, qualitatively and quantitatively analyzes the basic fundamental criteria like sales, revenue and balance sheet studies and all other fundamental aspects of the company. It critically, strategically and minutely focuses on a company's debt-equity ratio, earnings per share, dividend payout, profit margins, interest, asset and dividend coverage, sales penetration, market share, product and market innovation and the promoter's track record. It is a distinct conservative, non-speculative approach of evaluating equity shares on value based method and constitute three phases: economic analysis, industry analysis and company analysis. In this study we have analyzed five companies in the field of General Insurance Sector on the basis of Fundamental analysis. In fundamental analysis we find out the comparative balance sheet, profit & loss account of each company.

Data Analysis Its Interpretation and Testing of Hypothesis:

This section of paper embodies the calculation and scientific analysis of selected variables taken for the study. The ratios are being calculated by the aid of raw data revealed by the researchers which encompasses yearly results and Balance Sheet of the sample general insurance companies, after calculation of ratios the individual ratios are analyzed. The statistical tool used for Analysis is One-way Analysis of Variance (ANOVA). It is performed by using software known as SPSS and the analysis and interpretation of study is carried out on chronological order of the parameters mentioned above.

Current Ratio:

The current ratio is an indicator of the firm's commitment to meet its short-term obligations. This ratio measure the solvency of the company in short term. Ratio of 2:1 is considered as an ideal as it indicates a highly solvent position. Above all, this ratio will have adverse impact on the profitability of the organization. It is an index of the organizations financial stability since it shows the extent of the working capital, which is the amount by which the current assets exceed the current liabilities and is calculated as follows:

$$\text{Current ratio} = \frac{\text{Current Assets, Loans\& Advances}}{\text{Current Liabilities \& Provisions}}$$

The Current Ratio position of the sample companies is summarized in Table No. 1, and discussed below.

Table 1: Current Ratio (CR in %) of Sample Companies					
Year	**BAGI**	**ITGI**	**TNIA**	**ILGI**	**TOI**
2003	0.2605	0.8418	0.2961	0.4334	0
2004	0.2398	0.7332	0.3204	0.6292	0.2933
2005	0.207	0.6903	0.4645	0.522	0.3237
2006	0.3364	0.7788	0.5287	0.5561	0.3333
2007	0.2615	0.6745	0.5162	0.5654	0.4204
Average	0.26104	0.74372	0.42518	0.54122	0.27414

***Source**: Computed from the data available in annual reports of the concerned companies*

It has been revealed from the above Table No. 1, that during the study period the Current Ratio (CR) of all the selected companies are having increasing trend accept BAGI. On an average ITGI generated CR of (0.74372), which is highest among all, followed by ICICI Lombard (0.54122), TNIA (0.42518), TOI (0.27414) and Bajaj Allianz generated lowest CR among all selected companies of (0.26104). Thus analysis reveals that ITGI was the most efficient general insurance company in the terms of generating current ratio among all the selected sample companies in the study and Bajaj Allianz least performer.

The Current Ratio position of the sample General Insurance Companies is compared and tested using the following hypotheses. The details are shown in Table 2.

Hypothesis Testing:

Ho: CR position of BAGI, ITGI, ILGI, TNIA and TOI does not differ significantly.

Ha: CR position of BAGI, ITGI, ILGI, TNIA and TOI differ significantly.

Table no.2 One-way ANOVA for Current Ratio (CR)

Source of variation	Sum of Squares	Df	Mean Square	F-ratio	5% F Limit
Between Groups	.809	4	0.202	20.305	F(4,21)=2.87
Within Groups	.199	20	9.963E-03		
Total	1.008	24			
Source: One-way ANOVA has been calculated by SPSS					

Inference: Since the calculated value of F is 20.305 which is greater than the table value of 2.87 (CV > TV at 5% significance level), the null hypothesis is rejected and the alternative hypothesis is accepted. Hence, it is concluded that the CR position of BAGI, ITGI, ILGI, TNIA, TOI differ significantly.

Proprietary Ratio:

This ratio expresses the relationship between shareholders net worth and total assets and it also explains the established relationship between proprietors fund and total assets. Proprietors' fund means share capital plus reserves and surpluses, both of capital and revenue nature. While in calculating the ratio losses should be deducted and funds payable to others should not be added. Higher preparatory ratio is considered good for the health of an organization which indicates sound financial position of the business. It can be found by using following formula,

$$\textbf{Proprietary Ratio} = \frac{\textbf{Owner's Equity / Shareholders Net Worth}}{\textbf{Total Asset}}$$

The Proprietary Ratio position of the sample General Insurance Companies is summarized in Table 3, and discussed below.

Table 3: Proprietary Ratio (PR in %) of Sample Companies

Year	BAGI	ITGI	TNIA	ILGI	TOI
2003	0.3788	0.4975	0.4405	0.3545	0
2004	0.2889	0.4049	0.559	0.4132	0.1279
2005	0.2449	0.3164	2.2036	0.3244	0.1437
2006	0.2524	0.371	1.7899	0.2275	0.1215
2007	0.2393	0.3318	2.2006	0.2684	0.1455
Average	0.28086	0.38432	1.43872	0.3176	0.10772

***Source**: Computed from the data available in annual reports of the companies concerned*

From the above Table No 3 it is been found that during study period BAGI, ITGI and ILGI were having decreasing trend while TNIA and TOI were having increasing trend. On and average among all the selected companies for the study The New India Assurance (TNIA) have substantially higher proprietary ratio than others which is (1.43872) followed by ITGI (0.38432), ICICI Lombard (0.3176), Bajaj Allianz (0.28086) and TOI have the lowest of (0.10772). Thus after analysis it has been found that TNIA was the most efficient general insurance company in the terms of generating proprietary ratio and TOI in spite of having increasing trend was the worst performer with lowest proprietary ratio among all.

The Proprietary Ratio (PR) position of sample companies are compared and tested using the following hypothesis. The details are shown in Table 4.

Hypothesis Testing:
Ho: PR position of BAGI, ITGI, ILGI, TNIA and TOI does not differ significantly.
Ha: PR position of BAGI, ITGI, ILGI, TNIA and TOI differ significantly.

Table 4: One-way ANOVA for Proprietary Ratio:

Source of variation	Sum of Squares	Df	Mean Square	F-ratio	5% F Limit
Between Groups	5.648	4	1.412	9.024	F(4,20)=2.87
Within Groups	3.129	20	0.156		
Total	8.777	24			
Source: One-way ANOVA has been calculated by SPSS					

Inference: Since the calculated value of F is 9.024 which is greater than the table value of 2.87 (CV > TV at 5% significance level), the null hypothesis is rejected and hence it is concluded that the Proprietary ratio position of BAGI, ITGI, ILGI, TNIA, TOI differ significantly.

Net Profit Margin (NPM):

The net profit margin is designed to focus attention on the net profit arising from business operations before interest and tax is deducted. This ratio reflects its ability to earn on the total sales after deducting all expenses but before deducting interest and taxation. Thus, we use EBIT for the purpose. The convention is to express profit after tax and interest as a percentage of sales and can be found by using the following formula.

$$\frac{\text{Net Profit}}{\text{Total Revenues}} \times 100$$

The Net Profit Margin position of the sample companies is summarized in Table 5, and discussed below.

Table 5: Net Profit Margin (NPM in%) of of Sample Companies

Year	BAGI	ITGI	TNIA	ILGI	TOI
2003	0.42537	0.0323	0.0727	0.2254	0
2004	0.09409	0.02949	0.1624	0.0115	0.1461
2005	0.1855	0.0387	3.8527	0.8131	0.1396
2006	0.2053	0.0279	-3.0339	1.5287	1.4186
2007	0.2334	0.0347	4.4798	0.9762	2.34
Average	1.14366	0.03262	1.10674	0.71098	0.80886

Source*: Computed from the data available in annual reports of the companies concerned*

From the above Table No. 5 it has been found that on an average BAGI has outperformed others selected samples companies and aggregated the highest average NPM of (1.14366) and followed by TNIA (1.10674), TOI (0.80886), ILGI (0.71098), and ITGI (0.03262) respectively. Thus after analysis it has been found that BAGI was the most efficient company in controlling indirect expenses when compared to others and ITGI with lowest NPA was the worst in controlling indirect expenses.

The NPM position of sample companies are compared and tested using the following hypothesis. The details are shown in Table 6.

Hypothesis Testing:

Ho: NPM position of BAGI, ITGI, ILGI, TNIA and TOI does not differ significantly.
Ha: NPM position of BAGI, ITGI, ILGI, TNIA and TOI differ significantly.

Table 6: One-way ANOVA for Net Profit Margin (NPM):

Source of variation	Sum of Squares	Df	Mean Square	F-ratio	5% F Limit
Between Groups	4.006	4	1.002	0.321	F(4,20) = 2.87
Within Groups	62.356	20	3.118		
Total	66.362	24			

Source: One-way ANOVA has been calculated by SPSS

Inference: Since the calculated value of F is .321 which is less than the table value of 2.87 (CV < TV at 5% significance level), the null hypothesis is accepted and hence it is concluded that the NPM position of BAGI, ITGI, ILGI, TNIA, TOI does not differ significantly.

Gross Profit Margin Ratio (GPMR):

This ratio measures the GPM on the total net sales made by the company. It expresses the relationship between Gross Profit (Gross Margin) and Sales (net). It represents the excess of sales proceeds during the period under observation over the cost. Before taking into account administrative, selling and distribution and financing charges. To assess the efficiency of the company and its operations it is used as an effective tool and the outcome of it can be compared with previous year's results to find out the efficiency of the concern. It can be found by using formula as under:

$$\text{Gross Profit Margin Ratio} = \frac{\text{Gross Profit}}{\text{Sales}} \times 100$$

The Gross Profit Margin position of the sample companies is summarized in Table 7, and discussed below.

Table 7: Gross Profit Margin Ratio (GPM in %) of Sample Companies

Year	BAGI	ITGI	TNIA	ILGI	TOI
2003	0.1129	0.0449	-0.0194	0.1738	0
2004	0.1153	0.0406	0.0154	0.0843	0.2438
2005	0.2091	0.0367	7.8666	1.4966	0.2255
2006	0.1429	0.0229	-3.7181	1.5769	0.1888
2007	0.1422	0.0322	4.9543	1.155	0.2344
Average	0.14448	0.03546	1.81976	0.89732	0.1785

***Source**: Computed from the data available in annual reports of the companies concerned*

From the above Table No. 7 it has been found that during the study period among all the sample companies, TNIA sustained the highest average GPR of (1.81976) and followed by ILGI (0.89732), TOI (0.1785), BAGI (0.14448), and ITGI (0.03546) respectively. Thus, it has been found that TNIA is the most efficient and successful company in making Gross Profit among all the selected companies and ITGI is found to be worst performing companies in making Gross Profit.

The GPR position of sample companies are compared and tested using the following hypothesis. The details are shown in Table 8.

Hypothesis Testing:

Ho: GPR position of BAGI, ITGI, ILGI, TNIA and TOI does not differ significantly.

Ha: GPR position of BAGI, ITGI, ILGI, TNIA and TOI differ significantly.

Table 8: One-way ANOVA for Gross Profit Margin Ratio (GPMR):

Source of variation	Sum of Squares	Df	Mean Square	F-ratio	5% F Limit
Between Groups	11.395	4	2.849	0.664	F (4,20) = 2.87
Within Groups	85.815	20	4.291		
Total	97.210	24			

Source: One-way ANOVA has been calculated by SPSS

Inference: Since the calculated value of F is .664 which is lower than the table value of 2.87 (CV <TV at 5% significance level), the null hypothesis is accepted and hence it is concluded that the GPR position of BAGI, ITGI, ILGI, TNIA, TOI does not differ significantly.

Solvency Ratio:

Solvency ratio is computed to measure the financial position of a business. It measures the capacity and ability of a company meeting out its short term obligation which may also include those liabilities which are not currently payable. It establishes relationship between total liabilities and total assets and measures the size of a company's after tax income; excluding non cash depreciation expenses, as compared to a firms total debt obligations. The ratio varies from industry to industry; in general solvency ratio of 20% is considered normal. Company's lower solvency ratio indicates the greater chances of default on its debt obligations. It can be computed by using following formula as under

$$\textbf{Solvency ratio} = \frac{\textbf{Total liability}}{\textbf{Total assets}}$$

The SR position of the sample companies is summarized in Table 9, and discussed below.

Table 9: Solvency Ratio (%) of Sample Companies

Year	BAGI	ITGI	TNIA	ILGI	TOI
2003	0.6425	0.5009	0.5595	0.6643	0
2004	0.7069	0.592	0.4409	0.5809	0.5264
2005	0.7614	0.6937	4.4229	0.6669	0.4983
2006	0.7435	0.6388	3.7249	0.7457	0.391
2007	0.7618	0.67	3.8294	0.6851	0.4391
Average	0.72322	0.61908	2.59552	0.66858	0.37096

Source: Computed from the data available in annual reports of the companies concerned.

From the above Table No. 9 it has been found that during the study period among all the sample companies ITGI has performed better in handling total liability with higher total assets in every year. The study found that TOI have lowest average solvency ratio of (0.37096 %) followed by ITGI (0.61908 %), ILGI which have (0.66858), BAGI (0.72322) and TNIA has the highest among all that is (2.59552 %). Thus, it is been found that during study period TOI handled its liabilities efficiently and maintained it to lowest level and TNAI could not managed its liabilities efficiently and was found with highest percentage when compared to other selected companies.

The Solvency Ratio position of sample companies are compared and tested using the following hypothesis. The details are shown in Table 10.

Hypothesis Testing:

Ho: SR position of BAGI, ITGI, ILGI, TNIA and TOI does not differ significantly.

Ha: SR position of BAGI, ITGI, ILGI, TNIA and TOI differ significantly.

Table 10: One-way ANOVA for Solvency Ratio (SR):

Source of variation	Sum of Squares	Df	Mean Square	F-ratio	5% F Limit
Between Groups	16.364	4	4.091	5.399	F (4,20) = 2.87
Within Groups	15.155	20	0.758		
Total	31.519	24			

Source: One-way ANOVA has been calculated by SPSS

Inference: Since the calculated value of F is 5.399 which is higher than the table value of 2.87 (CV > TV at 5% significance level), the null hypothesis is rejected and hence it is concluded that the SR ratio position of BAGI, ITGI, ILGI, TNIA, TOI differ significantly

Returns on Investment (ROI):

The fundamental objective of a business entity is to earn a return on capital invested. This ratio of a company measures the ability of the management of the company who takes the decision of investment in order to generate adequate returns for the capital invested. It judges the overall performance of the concern. It measures how efficiently the sources entrusted to the business are being used. ROI analysis provides strong incentive for optimal utilization of the assets of the company in achieving the profits and its productivity. It provides judicious measures for assessing the profitability among different alternatives. It is consisting of two components (a) Profit Margin and (b) Investment Turnover. The rate of ROI can be determined by dividing net profit or income by capital employed or investment made to achieve the profit. The formula used to compute the ROI is as under

$$\text{Return on investment} = \frac{\text{Net profit}}{\text{Net Investment}} \times 100$$

The ROI position of the sample companies is summarized in Table 11, and discussed below.

Table 11 : Return on Investment (%) of of Sample Companies

Year	BAGI	ITGI	TNIA	ILGI	TOI
2003	0.0672	0.0494	0.0309	0.018	0
2004	0.0537	0.0582	0.0514	0.1022	0.0487
2005	0.13	0.0707	0.0815	0.0817	0.0506
2006	0.0596	0.0292	0.6369	0.0453	0.1652
2007	0.0853	0.0515	1.1799	0.0349	0.2769
Average	0.07916	0.0518	0.39612	0.05642	0.10828

Source: Computed from the data available in annual reports of the companies Concerned

From the above Table No. 11 it has been found that during the study period TNIA outperformed all the sample companies in study with highest ROI of (0.39612) followed by TOI (0.10828), BAGI (0.07916), ILGI (0.05642), ITGI (0.0518) respectively. Thus analysis reveals that TNIA was the most efficient company in the terms to meet its long term obligations and ITGI found to be most inefficient company in order to meet its long term obligations.

The ROI position of sample companies are compared and tested using the following hypothesis. The details are shown in Table 12.

Hypothesis Testing:

Ho: ROI position of BAGI, ITGI, ILGI, TNIA and TOI does not differ significantly.

Ha: ROI position of BAGI, ITGI, ILGI, TNIA and TOI differ significantly.

Table 12: One-way ANOVA for Returns on Investment:

Source of variation	Sum of Squares	Df	Mean Square	F-Ratio	5% F Limit
Between Groups	0.425	4	0.106	1.963	F (4,20) =2.87
Within Groups	1.083	20	5.416E-02		
Total	1.509	24			

Source: One-way ANOVA has been calculated by SPSS

Inference: Since the calculated value of F is 1.963 which is less than the table value of 2.87 (CV < TV at 5% significance level), the null hypothesis is accepted and hence it is concluded that the ROI position of BAGI, ITGI, ILGI, TNIA, TOI does not differ significantly.

Fixed Asset to Net Worth:

This ratio reflects the relationship between total fixed assets and the net worth of the concern. Total fixed assets are taken at the value shown at the end of the year as a whole. It can be computed by using following formula as under

$$\text{Fixed Asset to Net Worth} = \frac{\text{Total Fixed Asset}}{\text{Net worth}}$$

The FANW position of the sample companies is summarized in Table 13, and discussed below.

Table 13: Fixed asset to net worth (%) of sample companies					
Year	**BAGI**	**ITGI**	**TNIA**	**ILGI**	**TOI**
2003	2.1979	1.1625	1.8206	2.0089	0
2004	2.8745	1.3977	1.4611	1.5359	6.6099
2005	3.4389	1.6469	3.6057	2.0096	5.8363
2006	2.9704	1.3545	4.4868	2.5726	7.1578
2007	3.3469	1.6521	3.6458	2.2829	5.6045
Average	2.96572	1.44274	3.004	2.08198	5.0417

Source: Computed from the data available in annual reports of the companies concerned

The data from the above Table No. 13 reveal that on aggregate basis, TOI (5.0417) had the highest Fixed Asset to Net worth Ratio among all the selected companies during the period of study and followed by TNIA (3.004), BAGI (2.96572), ILGI (2.08198), and ITGI (1.44274) respectively. Thus, from the above data it can be concluded that TOI has managed highest proportion of Total fixed Assets in its total net worth and hence is the most efficient company among all other sample companies and ITGI in comparison found to be most inefficient with least ratio.

The FANW position of sample companies are compared and tested using the following hypothesis. The details are shown in Table 14.

<u>Hypothesis Testing</u>:

Ho: FANW position of BAGI, ITGI, ILGI, TNIA and TOI does not differ significantly.

Ha: FANW position of BAGI, ITGI, ILGI, TNIA and TOI differ significantly.

<u>Table 14: One-way ANOVA for Fixed Asset to Net Worth</u>:

Source of variation	**Sum of Squares**	**Df**	**Mean Square**	**F-Ratio**	**5% F Limit**
Between Groups	36.973	4	9.243	4.424	F (4,20) =2.87
Within Groups	41.788	20	2.089		
Total	78.761	24			
Source: One-way ANOVA has been calculate d by SPSS					

<u>Inference</u>: Since the calculated value of F is 4.424 which is higher than the table value of 2.87 (CV > TV at 5% significance level), the null hypothesis is rejected and the alternative hypothesis is accepted. Hence, it is concluded that the FANW position of BAGI, ITGI, ILGI, TNIA, TOI differ significantly.

<u>Fixed Assets</u>:

This ratio is important for the company's long term policy and is computed to determine the efficiency of utilizing the fixed assets. It measures the relationship between net sales and Net total Fixed Assets. It is difficult to interpret as asset values are based on historic cost and produce variation in valuation of fixed assets by sale or purchase of any assets. This ratio indicates the number of times total assets are being turned over in a year. Higher ratio indicates the overtrading of total assets and low ratio indicates idle capacity. This ratio can be computed by using following formula as under:

$$\textbf{Fixed Asset} = \frac{\textbf{Sales}}{\textbf{Fixed Asset-Depreciation}}$$

The FA position of the sample companies is summarized in Table 15, and discussed below

Table15: Fixed Assets (%) of of Sample Companies

Year	BAGI	ITGI	TNIA	ILGI	TOI
2003	9.0389	15.965	16.0935	59.1713	0
2004	7.9748	27.6256	17.4438	48.6021	34.2813
2005	12.0867	50.9015	0.9125	1.0743	36.3594
2006	16.6126	66.2845	-1.9504	0.7358	0.2
2007	16.8432	81.8364	0.2457	0.8032	0.237
Average	12.5112	48.5226	6.54902	22.0773	14.2155

Source: Computed from the data available in annual reports of the companies concerned.

The data from the above Table No. 15 reveal that during the study period on aggregate basis, ITGI had achieved the highest sales and has managed highest Fixed Asset Ratio that is (48.5226) followed by ILGI (22.0773), TOI (14.2155), BAGI (12.5112), and TNIA (6.54902) respectively. From the study it has been found that ITGI managed its resources efficiently and utilized its assets to optimal level and TNIA was found to be most inefficient in handling its assets and have lowest ratio among all the selected companies.

The FA Ratio position of sample companies are compared and tested using the following hypothesis. The details are shown in Table 16.

Hypothesis Testing

Ho: FAR position of BAGI, ITGI, ILGI, TNIA and TOI does not differ significantly.

Ha: FAR position of BAGI, ITGI, ILGI, TNIA and TOI differ significantly.

Table 16: One-way ANOVA for Fixed Asset Ratio:

Source of Variation	Sum of Squares	Df	Mean Square	F-Ratio	5% F Limit
Between Groups	5426.601	4	1356.650	3.283	F (4,20) =2.87
Within Groups	8265.179	20	413.259		
Total	13691.780	24			

Source: One-way ANOVA has been calculated by SPSS

Inference: Since the calculated value of F is 3.283 which is greater than the table value of 2.87 (CV < TV at 5% significance level), the null hypothesis is rejected and hence it is concluded that the FA ratio position of BAGI, ITGI, ILGI, TNIA, TOI differ significantly.

Table No. 17 Ranking after Aggregating Secured Position in Fundamental Ratio:

Ratio	BAGI	ITGI	ILGI	TNIA	TOI,
Current Ratio (CR)	5th	1st	2nd	3rd	4th
Proprietary Ratio (PR)	4th	2nd	3rd	1st	5th
Net Profit Margin Ratio (NPM)	1st	5th	4th	2nd	3rd
Gross Profit Margin Ratio (GPMR)	4th	5th	2nd	1st	3rd
Solvency Ratio (SR)	4th	3rd	3rd	5th	1st
Returns on Investment (ROI)	3rd	5th	4th	1st	2nd
Fixed Asset to Net Worth (FANW)	3rd	5th	4th	2nd	1st
Fixed Assets (FA)	4th	1st	2nd	5th	3rd
Ranked after Aggregating	**28**	**27**	**24**	**20**	**22**

From the above Table No.17 it has been found that with three first positions (PR, GPMR, and ROI) and aggregate of 20, TNIA has secured the top rank among all the competing companies followed by TOI on second rank with two first positions in SR and FANW and aggregate of 22, ILGI third rank with aggregate of 24, ITGI forth rank with aggregate of 27 and BAGI fifth rank with aggregate of 28 respectively

Findings of the Study:

- From the study it has been found that among all the selected companies ITGI has outperformed other competing companies and generated highest CR of (0.74372) and BAGI generated lowest CR of (0.26104).
- From the study it has been found that among all the selected companies TNIA had performed fairly better in proprietary ratio and had managed the higher of (1.43872) and TOI is found to be the most inefficient company in managing the ratio and has the lowest proprietary ratio of (0.10772).
- From the study it has been found that BAGI has aggregated the highest average NPM of (1.14366) and outperformed other competing companies in controlling the indirect expenses and ITGI with lowest NPA of (0.03262) was the worst in controlling indirect expenses.
- From the study it has been found that among all the selected companies TNIA is found to be the most efficient company and maintained the highest average GPR of (1.81976) and ITGI is found to be worst performing companies in making Gross Profit with lowest GPR (0.03546).
- From the study it has been found that among all the selected companies TOI handled its liabilities efficiently and maintained it to lowest level of (0.37096) and TNAI found to be the most inefficient company in managing its liabilities and have highest percentage of ratio that is (2.59552).
- From the study it has been found that among all the selected companies TNIA is the most efficient company in the terms to meet its long term obligations and has the highest ROI of (0.39612) and ITGI with the lowest ROI of (0.0518) is found to be the most inefficient companies in meeting its long term obligations.
- From the study it has been found that among all the selected companies TOI proven to be the most efficient company and had maintained the highest Fixed Asset to Net worth Ratio of (5.0417) and ITGI with lowest ratio of (1.44274) found to be most inefficient company.
- From the study it has been found that among all the selected companies ITGI managed its resources efficiently and utilized its assets to optimal level and have highest average Fixed Asset Ratio of (48.5226) and TNIA was found to be most inefficient in handling its assets and have lowest ratio of (6.54902).
- The New India Assurance Company ltd. (TNIA) has secured third position in CR with (0.42518), first position in PR with (1.43872), second position in NPM with (1.10674), and first position in GPMR with (1.81976), fifth position in SR with (2.59552), first position in ROI with (0.39612), second position in FANW with (3.004), fifth position in FA with (6.54902).

- The Oriental Insurance Company ltd (TOI) has secured fourth position in CR with (0.27414), fifth position in PR with (0.10772), third position in NPM with (1.14366), third position in GPMR with (0.1785), first position in SR with (0.37096), second position in ROI with (0.10828), first position in FANW with (5.0417), third position in FA with (14.2155).
- Industrial Credit and Investment Corporation of India Lombard General Insurance (ILGI) has secured second position in CR with (0.54122), third position in PR with (0.3176), fourth position in NPM with (0.71098), second position in GPMR with (0.89732), third position in SR with (0.66858), forth position in ROI with (0.05642), forth position in FANW with (2.08198), second position in FA with (22.0773).
- Iffco-Tokio General Insurance (ITGI) has secured first position in CR with (0.74372), second position in PR with (0.38432), fifth position in NPM with (0.03262), fifth position in GPMR with (0.03546), third position in SR with (0.61908), fifth position in ROI with (0.0518), fifth position in FANW with (1.44274), first position in FA with (48.5226).
- Bajaj Allianz General Insurance (BAGI) has secured fifth position in CR with (0.26104); fourth position on PR with (.28086), first position in NPM with (1.14366), fourth position in GPMR with (0.14448), fourth position in SR with (0.72322), third position in ROI with (0.07916), and third position in FANW with (2.96572), and fourth position in FA with (12.5112),
- From the study of all fundamental ratios of five companies it has been found that TNIA is better general insurance company and has secured the top rank among all the selected companies in the study. It had performed fairly better in proprietary ratio and has utilized its resources to optimal level and has earned return on its capital invested. It has positively maintained its GPR and ROI and has ability to meet out its long term obligations efficiently and BAGI is found to be the worst performer in all the fundamental parameter and have been ranked to lowest level among all the selected companies in the study.

Conclusion & Suggestions:

Philosophy of Insurance is a futuristic approach rely on present economic structure and invites overall analysis of the general insurance industry and consumer financial capacity. From investment decisions point of view fundamental analysis is important as it aims at developing an insight into the performance of the insurance business and reveals the hidden truth for over all betterment. It is also important due to growing competition which has direct impact on consumer market. Despite of astonishing growth, Indian insurance sector have to face many unpredictable challenges like, regulatory challenges, corporate governance, stakeholders conflicts management, low market penetration, inefficient work force, capital adequacy and fund management, customer relationship and risk management, multi channel distribution network management, knowledge management, convergence management. In order to minimize if cannot control these challenges government and insurers have to formulate suitable strategies so that the insurance industry may become able to achieve its objective. To avail the advantage of untapped market company will fuel the competition to an extreme level with new and multi breed insurance product, with excellent and confused features with extensive services and price options. Sector success largely depends upon effective and efficient implementation of IRDA regulations which have existence with confused implementation. The study found that awareness about the insurance product to mass is very low which should be improvised and mass should be informed about its merits and demerits and its documentations. After sale services of the insurance companies were found at minimum which should be made efficient and policies holders must be kept informed about their each and every things related to their policies. In order to achieve the target and monetary reward companies employs provide wrong information to the policy holder and even at the time of maturity they repeat the same activity and this act has created difference and mistrust. IRDA have to take stiff action on the companies in order to develop trust among the interested parties. Companies have to launch good tax saving and flaxy schemes along with proper guidance to the investor to invest their ideal money. Further, futuristic and concrete effort is required from all players including government as a parent body along with consolidating the development of the sector, common code of conduct, development of reserves funds, effective claim and settlement procedure etc which are presently very weak and need justified coordination and implementation. With vast untapped potential supported by domestic saving has attracted multinational insurance giant and they are exited enough and are ready to establish their competitive presence in emerging market. GOI have to take care about the multinational companies limit in Indian market keeping public interest in mind. Companies with fair and attractive product with pan India presence will rip the advantage and will establish their business for long run. Thus the present study has been conducted to examine the economic sustainability of the five major General Insurance Companies in Indian insurance sector "BAGI, ITGI, ILGI, TNIA and TOI". The outcome of the study produced that The New India Assurance Company Ltd (TNIA) had performed better than other selected companies in the study and topped the rank and followed by TOI second rank, ILGI third rank, ITGI forth rank and BAGI fifth rank respectively.

The fundamental analysis is done by calculating ratios, which are tools of qualitative analysis and may override the quantitative aspects. Companies follow different accounting policies which impact the result. All the analysis is carried out on published financial report of the companies which are window dress presentation and the produced result cannot be judicious. Interpretation of analysis can be used by the expert person not by the common policy holder so periodical reports should be in such a manner in which common citizen can understand the growth, risk and return of the sector. In last, success depends upon trust which is to be developed by reducing the shortcoming discussed above.

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A Study of Behavioral Aspect of Service Quality and Gap Analysis on the Basis of Proposed New Expectation and Perception Gaps Model for Insurance Industry.

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Abstract

The Indian insurance market is apparently in early maturity stage but it has still a long way to go before it reaches its maturity stage. Indian service sector especially the insurance companies are aware of CRM, but lack the understanding and application of the same. Strategically, insurance companies have a strong zeal to create value for the consumers by offering high-quality insurance services. Company should know what satisfies consumers, what makes them loyal, and what compels them to defect to other companies. In the era of extensive competition, service quality is the key and the value of Insurance industry lies in knowing its clients' perception and expectations, and determining the service quality as accurately as possible.

Introduction & Literature Review

The Indian insurance sector can now be characterized as a dynamic environment that makes it challenging for insurance companies to maintain their market share, profitability and growth. The growing number of companies and consumers' ever growing expectations in insurance sector led to the extensive competition and increased service quality standards. It is therefore necessary that insurance sector concentrate on their efforts towards improving the quality of their services and meet their consumers' expectations. 'High service quality results in consumer satisfaction' (Karatepe, Yavas et al., 2005, p. 373) which 'furthers consumer loyalty' (Lenka, Suar et al., 2009, p. 47) and helps companies to improve their performance (Yeung, Chew et al., 2002). Put it otherwise, high service quality leads to competitive advantage as consumers feel satisfied and thus are more probable to further buy the company's services, to recommend them to others and to ignore the competitors' offer. It is therefore necessary to continuously measure service quality in order to establish those areas that need improvement. Nevertheless, it is important to find out which are the aspects that influence consumers' satisfaction most. From an insurance companies' perspective, it is necessary to seek out the 'most influential determinants of consumer satisfaction' (Lenka, Suar et al., 2009, p. 48) and to determine consumers' perceptions regarding these determinants' quality level.

Service Quality

The common element of the business definitions is that the quality of a product or service refers to the perception of the degree to which the product or service meets the consumer's expectations. Quality has no specific meaning unless related to a specific function and/or object. Quality is a perceptual, conditional and somewhat subjective attribute. (Source: wikipedia) Service quality can be defined as the difference between consumer expectations of service and perceived service. If expectations are greater than performance, then perceived quality is less than satisfactory and hence consumer dissatisfaction occurs (Parasuraman et al ., 1985; Lewis and Mitchell, 1990). Measurement of service quality allows for comparison before and after changes, for the location of quality related problems and for the establishment of clear standards for service delivery.

Model of Service Quality Gaps

In the early eighties, Grönross, 1984 proposed a model for service quality analysis - total perceived quality model, based on the individual's perception of the quality of a service. The consumer compares his expectations with his experience (perception) of the service, i.e. technical quality (experienced by the consumer) and functional quality (how the service is provided), filtered through the company's image. This was followed by the Gap Analysis Model, developed from exploratory investigations conducted by the scholars Parasuraman, Zeithaml and Berry (1985), starting out from the supposition that the quality of a service is expressed according to a disconfirmation paradigm (Oliver, 1980; Churchill, Surprenant, 1982), that is to say the discrepancy between the consumer's expectation and the consumer's perception of the service. The Gap Analysis Model (**Consumer Assessment of Service Quality, Parasuraman et al (1990) suggested following five GAPS :**

Gap1: Consumers' expectations versus management perceptions

Gap2: Management perceptions versus service specifications

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Gap3: Service specifications versus service delivery

Gap4: Service delivery versus external communication

Gap5: The discrepancy between consumer expectations and their perceptions of the service delivered

Proposed Expectation- Perception Gaps Model

To measure quality of services from consumers', employees' and top management's perspective, I have identified and measured 72 GAPS existing in insurance service industry. In this research study, I mentioned 20 GAPS only. For this research study I discussed first eight GAPS with reasons. NOTE: We can measure any aspect of service quality(X). Here 'X' is BEHAVIOURAL APPROACH. But it can also be technical or functional aspect of service quality too.

GAP-1

Gap Between **Consumers' Perception & Consumers' Expectation** About Behavioural Approach Of Top Management Towards Consumers.

REASONS: Problem with service quality standard, external communication was more than the actual delivery. Higher expectations from top management to facilitate process of service delivery (IF EXPECTATIONS>PERCEPTION).Lack of Promise Management.

GAP-2

Gap Between **Employees' Perception & Expectation** About Behavioural Approach Of Top Management Towards Employees.

REASONS: Lack of upward as well as downward communication, inappropriate human resource management and lack of employee satisfaction. (IF EXPECTATIONS>PERCEPTION)

GAP-3

Gap Between **Top Management's Perception & Expectation** About Behavioural Approach Of Top Management Towards Employees.

Reasons: Lack of clear understanding of organisations' vision, mission and HR policies. Lack of empathy towards employees. Lack of self appraisal. (IF Expectations>Perception).

GAP-4

GAP Between Top Management's Perception For **Consumers' Perception & Consumers' Expectation** Towards Top Management's Behavioural Approach

Reasons: Lack of research on consumer behaviour especially expectations from top management (expectation to facilitate service delivery process) apart from service quality, service delivery etc. And lack of interest to know the response of consumers after the service delivery i.e; lack of post purchase satisfaction evaluation. (IF EXPECTATIONS>PERCEPTION). This GAP must be compared with GAP-1.

GAP-5

GAP Between **Top Management's Perception & Expectation** For Employees' Behavioral Approach Towards Consumers

REASON: Problem in human resource development, Lack of proper training for employees. Training for employees should come first before top management forms expectations from employees. (IF EXPECTATIONS>PERCEPTION) This GAP must be compared with GAP-7 & GAP-1.

GAP-6

GAP Between **Employees' Perception** About **Consumers' Perception & Consumers' Expectation** Towards Top Management's Behavioural Approach

REASONS: Employees are lacking in doing research on consumer behaviour especially on the expectations from top management (expectation to facilitate service delivery process) apart from service quality, service delivery etc.

Another reason is the lack of employees' interest to know the response of consumers after the service delivery i.e; lack of post purchase satisfaction evaluation. Proper research is needed to know the expectation and perception of the consumers. Employees' views regarding consumer's perception and expectation from top management possess personal biases. They may try to put their words and biases into consumer's mouth. They may see what they wanted to see from consumers' eyes. This GAP must be compared with GAP-1.

Gap-7

Gap Between **Employees's Perception & Expectation** About Employees' Behavioural Approach Towards Consumers

REASONS: He Knows The World But Doesn't Know Himself. Research on employee behaviour is needed with the research on consumer behaviour. Employees lack the willingness to improve themselves. Employees must try to know the perception and expectations of consumers. This GAP must be compared with consumers' expectation and perception for employees' behaviour. Lack of self appraisal on the part of employees. (If expectations>perception).

Gap-8

Gap between **consumers' perception & expectation** about employees' behavioral approach

REASONS: As employees are the persons who directly deals with the consumers, hence consumer satisfaction is based on employees' behaviour also. Employee empowerment is needed. There is lack of research on consumer behaviour as well on employee behaviour in the organisation.

Gap-9 Gap Between **Consumers' Perception And Employees' Perception** About Behavioural Approach Of Top Management Towards Consumers.

Gap-10

Gap Between **Consumers' Expectation And Employees' Expectation** About Behavioural Approach Of Top Management Towards Consumers.

Gap-11

Gap Between **Consumers' Perception And Top Management's Perception** About Behavioural Approach Of Top Management Towards Consumers.

Gap-12

Gap Between **Consumers' Expectation And Top Management's Expectation** About Behavioural Approach Of Top Management Towards Consumers.

Gap-13

Gap Between Employees" **Perception And Top Management's Perception** About Behavioural Approach Of Top Management Towards Consumers.

Gap-14

Gap Between Employees" **Expectation And Top Management's Expectation** About Behavioural Approach Of Top Management Towards Consumers.

Gap-15

Gap Between **Consumers' Perception And Employees' Perception** About Behavioural Approach Of Employees'towards Consumers.

Gap-16

Gap Between **Consumers' Expectation And Employees' Expectation** About Behavioural Approach Of Employees'towards Consumers.

Gap-17

Gap Between **Consumers' Perception And Top Management's Perception** About Behavioural Approach Of Employees'towards Consumers.

Gap-18

Gap Between **Consumers' Expectation And Top Management's Expectation** About Behavioural Approach Of Employees'towards Consumers.

Gap-19

Gap Between Employees" **Perception And Top Management's Perception** About Behavioural Approach Of Employees'towards Consumers.

Gap-20

Gap Between Employees" **Expectation And Top Management's Expectation** About Behavioural Approach Of Employees'towards Consumers.

Conclusion And Suggestions

After the analysis of all the aforementioned proposed GAPS, I came to the conclusion that insurance industry is not yet aware of the existing GAPS. Insurance industry has to cope with ever increasing expectations of the consumers. Top management must realize that the way they treat their employees will ultimately reflect in the treatment of their consumers by their employees. If employees themselves are not satisfied how can they satisfy consumers? Top management must remember that it is the employees who directly deal with the consumers. Top management will have to introspect whether it is providing training and other kinds of support to its employees or not? Only then has the top management right to expect from its employees regarding the behavioural aspect of the quality of services they offer to the consumers. There should be appropriate promise management, customer education and expectation management.

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Effect of Celebrity Based Advertisements on the Purchase Attitude of Consumers towards Retail Products (A study with reference to Lucknow city)

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Abstract

This research paper aims to explore "Consumer buying behavior on celebrity endorsement and brand building in retail industry". The study focuses that celebrity endorsement acts as a source of brand-building and has impact over the purchasing behavior of customers in case of retail products. The purpose of the study is (1) to identify the influence of celebrity endorsement on consumer buying behavior. (2) To study celebrity endorsement as a sources of brand building. (3) To find which type of celebrity personnel is more effective. It was found that celebrity endorsement is the key factor that plays an important role in affecting purchase intention and also acts as a source of brand building. Nearly everyone wants to see their favorite celebrity endorsing their brands.

Introduction

Businesses have been attracting the attention of potential customers that live in a world by increasing everyday commercial bombardment. Today everyday customers are exposed to thousands of voices and images in magazines, newspapers, and on billboards, websites, radio and television. Every brand attempts to take at least a small part of an innocent person's time to update him or her of the remarkable and different attributes of the product by some or the other means. Because of the constant media saturation, and overexpose of customer from advertisement by every big and small business houses make them uninterested in listening or focusing to what the advertisement says, they eventually become frozen to the standard marketing techniques. The challenge of the marketer is to find a popper that not only hold the subject's attention but also differentiate it from other similar brands. Also from a marketing communications perspective, it is crucial that firms design strategies that help them to gain competitive differential advantage over other firm's product or services. Accordingly, activities back-up other elements in the marketing mix such as designing, branding, packaging, pricing, and place. The term Celebrity refers to an individual who is known to the public (actor, sports figure, entertainer, etc.) for his or her achievements in areas other than that of the product class endorsed (Friedman and Friedman, 1979). This is true for classic forms of celebrities, like actors (e.g., Amitabh Bachchan, Astt.

Shahrukh Khan, Aishwarya Rai, Aamir Khan and Brad pit), models (e.g., Mallaika Arora, Naomi Campbell, Gisele Buendchen, etc), sports figures (e.g., Sachin Tendulkar, M.S Dhoni, Virat Kholi, Anna Kournikova, Michael Schumacher, Ussan Bolt, etc), entertainers (e.g., Cyrus Broacha, Oprah Winfrey, Conan O'Brien), and pop-stars (e.g., Madonna, David Bowie) -but also businessmen (e.g., Donald Trump, Bill Gates) or politicians. Celebrities appear in public in different role. Firstly, they appear in public when fulfilling their profession role, e.g., M.S Dhoni, who plays cricket in stadium in front of audience. Secondly, celebrities appear in public by attending special celebrity events, e.g., award ceremonies, inaugurations, premieres of movies, live concerts and New Year parties. In addition, they are present in news, fashion magazines, and tabloids, which provide second source information on events and the 'private life' of celebrities through mass media channels. Last but not least, celebrities act as spokes-people in advertising to promote products and services, which is referred to celebrity endorsement.

Literature Review

Soloman (2002), talk about celebrities being most effective in situations involving high social risk, where the buyer is conscious of the impression peers will have of him or her. According to him, a celebrity endorser is comparatively more effective for products high in psychological or social risk, involving elements as good taste, self-image, and opinion of others, compared to a "normal" spokesperson. Goldsmith (2002), he assessed the impact of endorser and corporate credibility on attitude toward-the-ad, toward –the-brand and purchase intention. 152 adult's consumers were surveyed who viewed a fictitious advertisement for Mobil Oil Company. They rated the credibility of the ad's endorser, the credibility of the company and attitude towards the-ad, attitude towards brand and purchase intention. It was observed that endorser credibility had its strongest impact on advertisement while corporate credibility has its strongest impact on brand. Till and Shimp, (2007), a recent estimate indicates that almost 20 percent of all advertisements worldwide use celebrity spokespersons. The general belief among advertisers is that messages delivered by celebrities provide a higher degree of appeal, attention, and possibly message recall than those delivered

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by non-celebrities. Marketers also claim that celebrities affect the credibility of the claims made, increase the recall of the message, and may provide a positive effect that could be generalized to the brand. Expert opinions were considered most useful when the product endorsed was perceived to involve high, financial, performance, or physical risk. Kazmi 2010), celebrity endorsement is a billion dollar industry today with companies signing deals with celebrities hoping that they can help them stand out from the clutter and give them a unique and relevant position in the mind of the consumer. The reason for using celebrity endorsement involves its potential to create awareness, positive feelings towards their advertising and brand. Advertisement featuring celebrity endorsement is often also perceived to be entertaining. Haina Ding, (2010), the use of celebrity endorsement as a part of marketing Communication strategy has been gaining attractiveness over the past years. Amount paid out by firms on endorsement contracts are estimated to be 10% to 25% of total advertising expenditures. However, experimental evidences on the effect of endorsement announcements on the stock prices performance of firms have been mixed at best. Stock returns and trading volumes depends upon the level of press attention. Endorsements that appear in a major newspaper show higher average return and larger trading volume changes at announcement date than those announced on the corporate website only, Subhadip, (2011), this study raises three questions and attempts to give tent active explanations for them. The first two questions relate to locating, in the consumer's perceptual space, the comparative position of Indian celebrities and brands on a set of persona attributes. The third question relates to determining the fit between the celebrity and the brands endorsed by his/her. The outcomes propose that consumers differentially rank both celebrities and brands. Specifically, Amitabh Bachchan ranks high on five personality attributes, and brands such as Pepsi and Coke rank high on four personality attributes. The study further shows that although celebrities may endorse several brands, their personality does not fit well with the personality of the brand they endorse. Evidence offered here supports the basic assumptions of the celebrity–product congruence model. Petty (1983), Advertising is heavily used in process of personality creation. This follow rationally from the fact that personalities are particularly important for brand building. They provide unique associations with the brand and these associations' acts as a stimulus for the customer to link their personality with the brand. McGuire et al. (1999), expertise is the perceived knowledge that the source possesses, while trustworthiness is the degree to which the source is considered to be honest, ethical and believable. Both components are positively related to credibility, but the influence of one component can offset the effects of the other. For example, a spokesperson that is viewed as knowledgeable will be ineffective if he or she is perceived as lacking trustworthiness .The most thoroughly studied source quality is credibility. Research conducted by social psychologists over the past 30 years demonstrates that a source perceived as highly credible is more persuasive than a low credibility sender (Hovland and Weiss, 1951; McGuire, 1969; Hass, 1981).The sources that companies use to present their advertising message typically attempts to project a credible image in terms of competence, trustworthiness or dynamism. Celebrity endorsers are considered to be highly dynamic, with attractive and engaging personal qualities. Audience may also trust the advice given by some famous person, and in certain cases, celebrities may even be perceived as competent to discuss the product. Friedman, and Washington, (1975), study showing that celebrities are featured in 155 of prime-time TV commercials. A later survey reported that this proportion was up to 20% (Advertising Age, 1978). The final element is due to the wide-spread attribution that major stars do not really work for the endorsement fee, but are motivated by genuine affection for the product (Kamen 1975), despite the use of famous endorsers, there is little published evidence regarding effectiveness. In one experiment, an advertisement for a fictitious brand of Sangria wine featured an endorsement attributed to either a celebrity (actor -Al Pacino), a professional expert, the Company President, a typical consumer and no source (Friedman, and Washington, 1977). College students read the ad and gave the ad 0-10 scales of believability, probable taste, and intent to purchase. Across these three measures, the celebrity condition produced the highest scores. Since most products aren't special, most advertising does that entire so-called image stuff. There's no information about the product, there's only information about the kind of people who might be inclined to use the product." This view is echoed by Fieldwork, (1991), who has suggested that the subjective experience of using a brand can be different from the subjective experience of using an identical product without the brand assurance. Henry, (1999). Henry indicates that good PSAs are ones that are empathetic, "meaning they build trust with their audience or a sense of caring about the problem". He goes on to say that a good radio PSA is one that creates a mental picture of the subject with sound effects and a strong, credible spokesperson.

In another article, he mentions that more than 11,000 radio stations in the USA, and around two-thirds of them use PSAs. It is also in accordance with Dwane Hal Dean, (1999), he studied the effects of 3 extrinsic cues viz. Third party endorsement, event sponsorship and brand popularity on brand/manufacturer evaluation. It was observed that endorsement significantly affected only product variables (quality and uniqueness) and one image variable (esteem). The third party endorsement hence may be perceived as a signal of product quality. Sheth (1999), argue that perception is shaped by the stimulus characteristics (objects, brands, stories etc.), the context in which it is delivered (social, cultural), and the customer characteristics (knowledge, experience, expertise). It is within these stages that a consumer will either recognize a fit between a celebrity and a product/brand, or reject this connection on different grounds. Memory is structured as an associative network. When this happen the brand and the celebrity become parts of each other's association set. Till and Shimp (1998): Other research suggests that celebrity endorsements might vary in effectiveness depending on other factors like the "fit" between the celebrity and the advertised product. Ellis, (1998), argues that consumers in a high-involvement situation might actually be offended by the use of celebrity to endorse the brand. He also suggests that when there seem to be perceived high differences among competing brands, the consumer will perceive it as a high-involvement situation and put extra emphasis on information about the product more than being influenced by celebrity endorsers.

Need for the Study

There has been lot said and done on celebrity endorsement and but still the need of this study was felt because human buying behavior is a complex in nature and customer within and outside India may differ, in the same way the customer of North India differ in various ways from other part of India (culture, sub culture, language etc).

Objectives of the Study

To recognize the role of celebrity endorsement on consumer buying behavior.

To study celebrity endorsement as a source of brand-building.

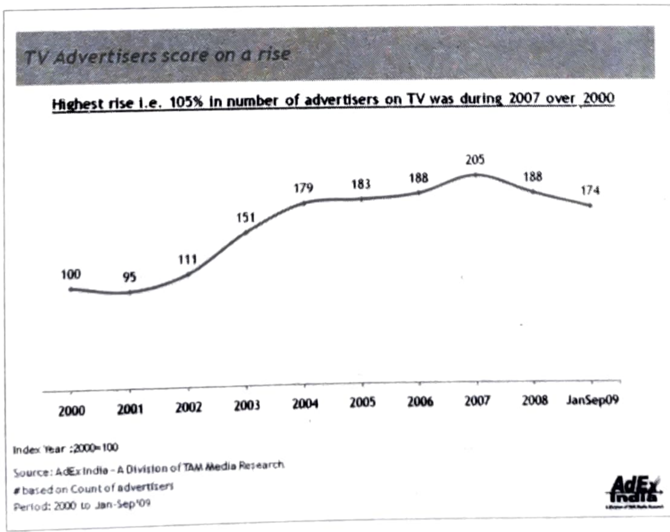
To find which type of celebrity is more effective.

Research Methodology

The survey was conducted in Lucknow city, Uttar Pradesh, India. Research design used is an exploratory research design. It is an arrangement of conditions for collection and analysis of Data in manner that aims to combine relevance to the research purpose with economy in procedure. The research could collect data either through primary source or secondary source. Primary data was collected from the respondents by using structured schedule and secondary data collected from different articles, journals and magazine which have already been passed through the statistical process. The universe of research has been defined as persons of Lucknow urban area having valid DTH connection. The sample size for the study was 200 persons taken for this research, and to collect the primary data Stratified Judgmental Sampling technique is used and strata's are constructed on demographic characteristics of respondents and data was analyzed by SPSS. Chi-square test is used when the set of observed frequencies obtained after experimentation to support hypothesis.

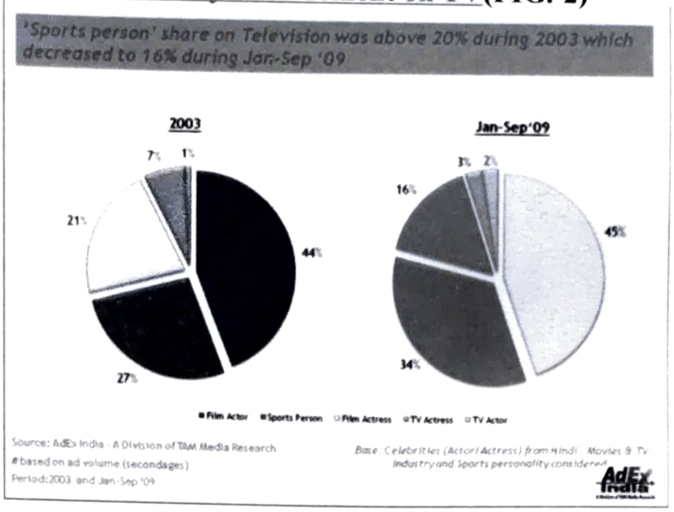
Analysis and Discussion

Tally of advertiser on TV (2000 to 2009) (FIG. 1)

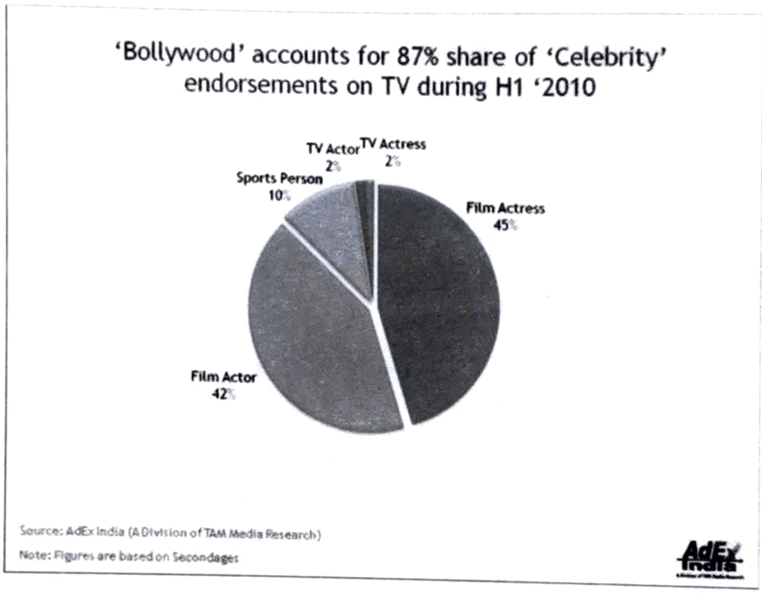


Compared to year 2000, 74% growth in number of advertisers on Television during Jan-Sep '09. On Television, highest rise in number of advertisers was during 2007 compared to 2000 i.e. 105%

Celebrity endorsement on TV(FIG.-2)

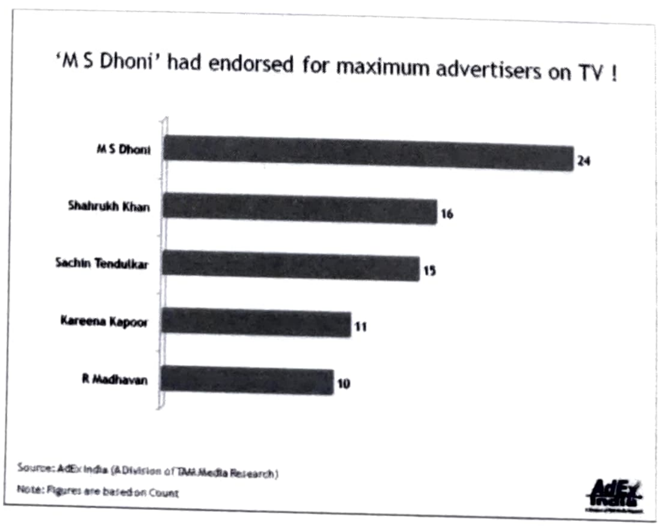


Share of celebrity endorsements on TV by professionals (FIG.-3)



During H1'2010,'Film Actress' leads with 45% share of 'Celebrity' endorsements on TV followed by 'Film Actor' and 'Sports Person' with 42% and 10% share respectively.

Celebrities with maximum number of advertisers endorsed on TV(FIG.-4)



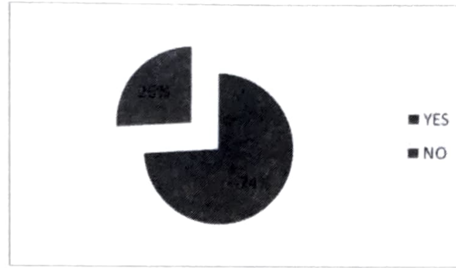
'M S Dhoni' leads among the Celebrities in terms of endorsing number of advertisers on TV during H1 '2010.'Shahrukh Khan' and 'Sachin Tendulkar' were at the 2nd and 3rd place endorsing for 16 and 15 advertisers respectively during H1 '2010.

Total respondent surveyed out of which 74% respondent says that they purchase products which were endorsed by their favorite celebrity and it is concluded that people are influenced by their favorite celebrity, and celebrities have their major impact on influencing buying behavior of customer.

(TABLE-1)

YES	**148**
NO	**52**
TOTAL	**200**

(FIG. -5)



200 respondents had surveyed and out of which 63.5% are agreed that they purchased those products which endorsed by their favorite celebrity and respondents will ready to switch from product or change their product as there favorite celebrity stop endorsing it, this shows that celebrity not only induces the customers to purchase but also motivates for continuous purchase which ultimately proves that celebrity also helps in maintaining brand loyalty.

(TABLE -2)

YES	**127**
NO	**73**
TOTAL	**200**

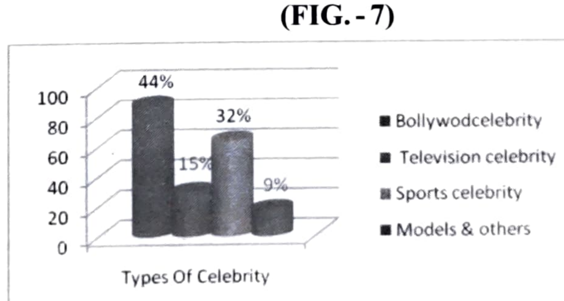
(FIG. 6)

In survey facts were reveled, almost 44% respondent preferred Bollywood celebrities over other types of celebrities.' Sports celebrities with 32% were second most preferred followed by television celebrities with 15% on third place and least preferred were models and others upcoming celebrities with 9%. This shows Bollywood actors and actress have a huge impact on customers and people love to see them in advertisement endorsing products. It can also be concluded that being Bollywood actor/actress they have natural talent of acting and they connect themselves well with the product, and message of persuasion to customer is well communicated because they are better spokesperson than sports celebrity. One major finding also observed during survey which was that female celebrities are mostly preferred over male celebrities.

(TABLE -3)

Bollywood celebrity	88
Television celebrity	30
Sports celebrity	64
Models & others	18

(FIG. - 7)



H1: Celebrity endorsement is not an effective tool of persuasion to facilitate customer to go for purchase.
Alternate hypothesis: Celebrity endorsement is an effective tool of persuasion to facilitate customer to go for purchase.

Scales of measurement	Observed frequency	Expected frequency	O-E	$(O-E)^2$	$\chi^2 = \Sigma (O-E)^2 /E$
Strongly Agree	68	40	28	784	19.6
Agree	50	40	10	100	2.5
Neutral	23	40	-17	289	7.225
Disagree	42	40	2	4	0.1
Strongly Disagree	17	40	-23	529	13.225
					χ^2=42.65

At alpha 0.05 and 4 degrees of freedom, the critical value from the chi square distribution table is 9.49. From the table it is inferred that the Chi-square test statistics shows calculated value 42.65 which exceeds the tabulated value of 9.49 hence null hypotheses is rejected and we reached at the result that our alternative hypothesis is accepted. So therefore it can be concluded that celebrity endorsement is an effective tool of persuasion to facilitate customer to go for purchase.

H2: Celebrity endorsement does not affects purchase decision of retail products.
Alternative hypothesis: Celebrity endorsement affects purchase decision of retail products.

(TABLE-5)

Scales of measurement	Observed frequency	Expected Frequency	O-E	$(O-E)^2$	$\chi^2 = \Sigma (O-E)^2 /E$
Strongly Agree	73	40	33	1089	27.225
Agree	49	40	9	81	2.025
Neutral	15	40	-25	625	15.625
Disagree	27	40	-13	169	4.225
Strongly Disagree	36	40	-4	16	0.4
					χ^2=49.5

At alpha 0.05 and 4 degrees of freedom, the critical value from the chi square distribution table is 9.49. From the table it is inferred that the Chi-square test statistics shows calculated value 49.5 which exceeds the tabulated value of 9.49 hence null hypotheses is rejected and we reached at the result that our alternative hypothesis is accepted. So therefore it can be concluded that celebrity endorsement affects purchase decision of retail products.

H3: People like to see sports stars endorsing their brand than Bollywood star.
Alternative hypothesis: People like to see Bollywood stars endorsing retail products than that of sports stars.

(TABLE-6)

Celebrity type	Observed frequency	Expected Frequency	O-E	$(O-E)^2$	$\chi^2 = \Sigma (O-E)^2 /E$
Bollywood celebrity	88	50	38	1444	28.88
Television celebrity	30	50	-20	400	8
Sports celebrity	64	50	14	196	3.92
Models & others	18	50	-32	1024	20.48
					χ^2=61.28

At alpha 0.05 and 3 degrees of freedom, the critical value from the chi square distribution table is 7.82. From the table it is inferred that the Chi-square test statistics shows calculated value 61.28 which exceeds the tabulated value of 7.82 hence null hypotheses is rejected and alternate hypotheses is accepted.

Findings

Brand name and celebrity endorser are two factors that people consider before making a purchase intention of retail products. Maximum number of people wants to use that retail product which there celebrity is endorsing that means they have high level of image transfer or fit between product endorsed and celebrities. One of the abstract finding of the survey was regarding people's orientation towards gender biasness. This finding clearly indicated that people like to see female celebrities endorsing retail product than that of male celebrities. Most no. of people believes that celebrity endorsement is an effective mean of persuasion i.e. it conveys the message clearly to the target audience regarding product offerings and persuades them to go for the purchase. It was found that celebrity endorsement have an impact over the purchase of retail products. As large no. of people surveyed confirmed this fact. In country like India were Cricket is a religion and cricketers are worshiped as God. One of the finding revealed that people admire sports player as celebrity but still Bollywood actor/actress are undoubted king/queen of endorsements of products by customers. The results of brand recall were amazing most number of customers was able to recognize the celebrities endorsing the given advertisement. So it showed that celebrity endorsement is an effective tool in marketers hand to identifies there product differently from the common clutter media environment.

Conclusion

Although it is visible that using relatively known personalities as endorsers in advertising campaigns, not only helps the brand to strengthen but also lead to economic advantage too. The choice of celebrities to fulfill that role has become common practice for brands competing in today's cluttered media environment. There are numerous reasons for such extensive use of celebrities, because of their high profile; celebrities may help advertisements stand out from the surrounding clutter, thus improving their communicative ability. A brief evaluation of the existing market condition indicates that celebrity endorsement advertising strategies can, under the right circumstances, certainly justify the high costs associated with this form of advertising. But it would be presumptuous to consider celebrity endorsement as a universal remedy for all problems. Celebrity endorsement if used well, it can makes the brand stand out, stimulate brand recall and facilitates instant awareness. To achieve this, the marketer needs to be really closely controlled in choice of a celebrity. Hence the right use of celebrity can shoot up the Unique Selling Proposition i.e. it can act as a basis of brand building of a brand to new heights; but a cursory orientation of a celebrity with a brand may prove to be claustrophobic for the brand. It was found that people love to see celebrities endorsing their brands so the involvement of common man is pretty high with these celebrities. So marketers should use the right celebrity matching with the product i.e. there should be a "fit" between celebrity and product endorsed. During survey it was found that female celebrities are considered to be better celebrity endorser than that of their male in retail products. Also it was found that people love to see Bollywood stars endorsing their product than sports stars. This is because of the fact in India people are very fond of Bollywood star and there movies, they even copy there getups and hairstyle in order to look alike. At last I just want to say a celebrity is a means to an end, and not an end in him/her.

Limitation of the Study

The time of research was short due to which many facts have been left untouched. The area undertaken in research is some major parts of Lucknow only. But to do a completer research wide area is required, so the area is also a constraint of the study. Sample for the study taken is of only 200 consumers which can also act as a constraint in the study. While collecting data some of the respondents are not willing to fill the questionnaire, so they might not fill their true behavior. This can also be a constraint of the study.

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Strengthening of Indian Education Industry to avoid the Economic Instability

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Abstract

Integration of education with economy becomes a knowledge/education economy. Knowledge and its proper application come through the education, and economic movements are initiated through the financial transactions. In current scenario there are situation of **stagflation** in which the inflation rate is high, the economic growth rate slows down and unemployment remains steadily high. It raises a dilemma or economic policy since actions designed to lower inflation or reduce unemployment may actually worsen economic growth. At present, India having top most economists at the top position but the economic status of the country is unpredictable, it means some major critical problem or reason is there.

Through the applied education on past few decades economic crisis, will become a possible solution, the knowledge against such types of situation and their solution will increase the efficiency and effectiveness of Economy.

Education is being considered as preparer of human being for future course of actions which can be related to personal life, social life or it may be exercised during the financial transaction which leads economic movements. Financial transactions are driven through the own experiences or it may be influenced by others.

The corrections in the strategies are always required for gaining edge over others. Planning and Integration of education with economy are capable to sharp identification of future problems (proactive approach) and optimum solution for current problems (reactive approach).

This research paper tries to study the way of Integration of Economy with education and the role of education to overcome the effect of economic fluctuations based on the secondary data as well as expert opinion.

Introduction

Education system of any economy performs following main tasks: first, it handles the basic and higher education; second, it provides better opportunities of income; third it enhances the living standard and helps in social development.

Education is one of the most important drivers of social and economic development. Higher levels of literacy lead to greater economic output, higher employment levels, better health, better social structures, and number of other development indicators. More specifically, the impact of education has been shown to result in rapid improvements in family planning, nutrition, health, and income and is seen as one of the best tools for promoting social and economic development. (AIF-Education)

Economic development is a term that generally refers to the sustained, concrete actions of policymakers and communities that promote the standard of living and economic health of a specific area. Such actions can involve multiple areas including development of human capital, critical infrastructure, regional competitiveness, environmental sustainability, social inclusion, health, safety, literacy, and other initiatives. Economic development differs from economic growth. Economic development is a government policy intervention with aims of economic and social well-being of people, whereas economic growth is a phenomenon of market productivity and rise in GDP. Consequently, as economist Amartya Sen points out: "economic growth is one aspect of the process of economic development. The scope of economic development includes the process and policies by which a nation improves the economic, political, and social well-being of its people.

The role of education in economic growth and their inter-relationship are increasingly focus of public debate since the era of Plato. Education has high economic value and hence, a considerable part of the community's wealth must be invested for the same.

Educational economics or the **economics of education** is the study of economic issues relating to education, including the demand for education and the financing provision of education. From early works on the relationship between schooling and labour market outcomes for individuals, the field of the economics of education has grown rapidly to cover virtually all areas with linkages to education.

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Objectives of this Study:

To study the role of education to overcome the effect of economic fluctuations.

To study the relationship of Education with Economy.

Methodology

The study is descriptive in nature and therefore the information presented is based on secondary data. Secondary data has been studied from various documents such as books, newsletters, reports, magazines, journals, newspaper, internet, as well as from existing literature to understand the ability of education for to improve the economical condition of the country.

Role of Education in Economic Development/Stability

The works of (Schultz, 1961) and (Denison, 1962: 67) led to a series of growth accounting studies pointing to education's contribution to the unexplained residuals in the economic growth of western economies. Other studies looked at the impact of education on earnings or estimated private rate of returns (Becker 1964). A 1984 survey of growth accounting studies covering 29 developing countries found estimates of education's contribution to economic growth ranging from less than 1 percent in Mexico to as high as 23 percent in Ghana (Psacharopoulos, 1984).

Dahlin, 2005; an investment in education is very beneficial for the society, both at the micro level as well as macro level and affects the system both directly and indirectly. Increase in Individual's wage is a direct effect.

Dickens et al., 2006; The available literature reflects that over the last 40 years output has increased about 3.5% per year. Growth in the labour productivity, a major driver of increasing wages and standard of living, has raised about 2.4% per year. The contribution of education to labour productivity growth is estimated in different studies to be between 13% and 30% of the total increase. Whatever the contribution of education to growth in the past, investments in human capital (education) may rise in importance relative to investments in other forms of capital as transition to a post-industrial, knowledge-based economy.

Prior to the nineteenth century, Expenditures on schooling, on-the-job training, and other similar forms of investment were quite small. This began to change radically during this century with the application of science to the development of new goods and more efficient methods of production, first adopted by Great Britain, and then gradually spread in other countries.

During the twentieth century, education, skills, and the acquisition of knowledge have become crucial determinants of a person's and a nation's productivity. The twentieth century is known as the "Age of Human Capital" in the sense that the primary determinant of a country's standard of living is how well.

The past decades have seen extraordinary expansions in access to basic education throughout the Middle East. Women's working after completion of their education creates a magnitude of positive remunerations for families including better family health and nutrition, improved birth spacing, lower infant and child mortality, and enhanced educational attainment of children.

No country has achieved constant economic stability without considerable investment in human capital. Previous studies have shown handsome returns to various forms of human capital accumulation through basic education, research, training, learning-by-doing and aptitude building. The Unequal education tends to have a negative impact on per capita income in most countries.

In agriculture, evidence suggests positive effects of education on productivity among farmers using modern technologies, i.e. in Thailand; farmers with four or more years of schooling were three times more likely to adopt fertilizer and other modern inputs than less educated farmers (Birdsall, 1993: 75-79). Similarly, in Nepal, the completion of at least seven years of schooling increased productivity in wheat by over a quarter, and in rice by 13% (Jamison and Moock, 1994:13).

Education is also an important contributor to technological capability and technical change in industry. Statistical analysis of the clothing and engineering industries in Sri Lanka showed that the skill and education levels of workers and entrepreneurs were positively related to the rate of technical change of the firm (Deraniyagala, 1995).

In India the set of issues which might reasonably be encompassed within the umbrella of economic development might include inequality and exclusion of all types (whether based on income, gender, caste, religion or region), health, fertility, infant mortality and child labour. In the broadest terms, the empirical research by economists suggests that in India, a very important factor impinging on these issues is women's education. Despite considerable government investment into the education of the "backward castes", there is little evidence of economic benefit to these castes, partly because of the inability of the education to deliver superior jobs.

Educational Productivity: The research of Mingat and Tan (1996) has raised questions about earlier conclusions regarding the level of returns to education. These researchers provided new estimates of social returns by accounting for additional externalities, not typically taken into account, that benefit society—e.g., the increased productivity of educated workers may increase productivity of coworkers, and a rise in the general education of the labor force may increase the potential for innovations and adaptations leading to more long-term efficiencies in the workplace. Reflecting on their findings, Mingat and Tan suggest that: (i) for low income countries, primary education has been the best investment; (ii) for middle-income countries, secondary education yields the highest social returns; and (iii) for high-income countries, tertiary education yields the highest returns.

For a macro prospective, the 'new growth theories' aim to indigenized technical progress by emphasizing education as well as learning with R&D activities. According to Lucas (1998), the higher the level of education of the work force imparts higher productivity of capital because the more educated are more innovate, and thus affect everyone's productivity.

Education alone, of course cannot transform an economy. The quantity and quality of investment, domestic and foreign involvement with each other, supportive policy environment is important determinants of economic performance and stability. The quality of policy making and of investment decisions is bound to be influenced by the education of both policy makers and managers.

Relationship between Education and Economy

Lucas, 1988; Romer, 1990; Rebelo, 1991, Grossman- Helpman, 1991; Francis and Iyare, 2006, over the time, economic offer a variety of theories and model for relating education and economic growth. **Lucas** suggested that the productivity of any worker is higher when working environment is equipped with well versed, well educated, high skilled with higher level of productive co-workers through watching mechanism.

Psacharopoulos 1994; Tilak 1997a,2001,2005; The contribution of education to economic growth is generally found to be positive and significant when measured either in monetary terms or directly in terms of agricultural efficiency or labor productivity. Education also may contribute to poverty reduction; improvement in income distribution; and various dimensions of social, demographic, and political development.

Dickens et al., 2006; Loening, 2004; Gylfason and Zoega, 2003; Barro, 2001, Investment in education leads to the formation of human capital, comparable to physical capital and social capital, and that makes a significant contribution to economic growth.

Yogish, 2006; Education as an investment secures returns in the form of skilled manpower that geared to the needs of development, both for accelerating economic development and for improving the quality of the society.

It should be noted that the period of the study ends before the trade liberalization reforms started. In other words, the data come from a closed economy. The World Bank, that education has significant gains only in an open economy which is able to fully leverage additional knowledge. It is tentatively suggested that in the open era, that if India can raise the average level of schooling by two years, this will lead to a 0.15-0.2 percentage point permanent increase in GDP growth.

Human capital and the screening theory are found to be valid in different contexts and are often taken as complementary to each other. This along with the socialization process of formal education helps in understanding the link of education and training with the world of work. This link is established through what is termed as qualification. The term qualification could mean the skills required to do a job, the skills that a worker possesses (linked mainly to his or her education) and the skills that are recognized in the labour market. These concepts, not being identical, fail to establish any hard and fast correlation between education, employment and economic output.

Evidences related with Stability in Economy through Education

1. As with education and economic growth, there is a two-way relationship between education and poverty. Family income has a strong positive association with education attainment, while "low earnings of the poor resulted by less educated human capital from labor market discrimination". The empowerment in status of labour is possible through the education learning and skill orientation process

2. Social changes may be seen as integral to, a prerequisite for, or a consequence of, economic development. Industrialization and globalization are making changes at the individual, family, and workplace levels. Gender has emerged internationally as a socio-economical and political issue. For example, policies and macroeconomic changes may affect intra-household political economy, differentially affecting household members and changing their status and role within the family. Information and education are two ingredients for helping individuals and institutions participate in social change. Economies that rank comparatively high in circulation of newspapers and numbers of radios and television sets per 100 inhabitants tend to be more economically and educationally advanced.

3. India's higher education policy of the 1950s, which envisaged schools of excellence, especially in technology and sciences, has finally paid off rich dividends. The creation of IITs, IIMs, Schools of Science, Schools of Law, a large number of advanced training and research institutions have now been well and widely accepted.

4. Doctors trained in India have been the backbone of the British Medical Service for many decades. Indian scientists have found positions of importance in research laboratories of the US and other developed countries. But it was the IIT engineers who have finally struck gold during the dot.com boom of the 1990s and brought the final recognition and testimony for Indian competence. Of about 140,000 graduates of IIT so far, roughly 40,000 have gone to the US. They have been given the credit of creating 150,000 jobs and $80 billion in market capitalization. It is said that when a new IT company is launched, investors inquire if there is an Indian in it.

5. We need to look at the United States and its economy. The US has been the undisputed economic leader since the Second World War. One of its great strengths has been its educational system – especially institutes of higher learning, as well as its research laboratories. For example, Colombia University is credited with 47 Nobel Prizes. Companies like Microsoft, Hewlett-Packard (where Silicon Valley really began), Yahoo and Google were each started by University students. Venture Capital as a financial engine for encouraging pioneering innovation started in the US. The Patent registration system of the US remains one of the best. The theoretical basis of education on economic growth is rooted in the endogenous growth theory. Endogenous growth economists believe that improvements in productivity can be linked to a faster pace of innovation and extra investment in human capital. Endogenous growth theorists argue the need for government and private sector institutions and markets which nurture innovation, and provide incentives for individuals to be inventive. There is also a central role for knowledge as a determinant of economic growth. Endogenous growth theory predicts positive externalities and spillover effects from development of a high valued-added knowledge economy which is able to develop and maintain a competitive advantage in growth industries in the global economy.

6. Theoretically, education expenditures should speed up economic growth. However, that is a necessary but not sufficient condition for growth. There are certain other factors also such as the country's institutional structure which determines whether investments in education sector will affect growth significantly or not.

Suggestions

On the basis of above literature and opinion of expert the following measures related to Indian education system reform may be helpful to positive magnitude over the economy of the India.

1. Control over Rising in student fees
   a. Introduction of students' loan scheme
   b. Implementation of differential fee structure for different courses.
2. Control over charging capitation fees and obtaining donations.
3. Developing philanthropy and cultivating an organized culture.
4. Need for Re-engineering of educational programs with the changes.
5. Linking education with employment through interrelating with industry; some suggestions for which are: Undergraduate industry-related courses should be organized with care, exposing the students to industry/ economic problems and requirements.

Undergraduate students should take up industry-related projects and come out with viable solutions;

Industry personnel should be invited for extension lectures;

Industry personnel should be associated in curriculum development;

Faculty should visit industries and get acquainted with current problems;

Better contact with alumni to evaluate teaching methodologies and new demands

Vocationalization of Degree programs;

Establishing Liaison Cell for getting feedback from industries

Introducing entrepreneurship development programs for students;

6. Re-engineering of the orientation of management system of some Colleges and Universities by Setting up cost effective institutions.
7. Efficient allocation/utilization of the resources.
8. Encouraging accountability at various levels of decision making.
9. Obtaining research grants from industries.
10. Providing professional, vocational, coaching for national level examination related education to the students.
11. Developing innovative educational programs/products, having high potential for raising resources, making use of the institutional autonomy.
12. Minimizing wastage and under utilization of facilities.
13. Encouraging taking up national/international and Government funded R&D projects.
14. Setting up Alumni Associations, to benefit from alumni contacts/ contributions.
15. Encouraging knowledge – based consultancy services at the institutions.
16. Encouraging a policy of rewarding merit in the institutions.
17. Introducing 'earn while you learn' scheme for needy students.
18. Starting new initiatives in a discipline, like "English for Special Purposes Course".
19. Government to make initial investments to make institutions globally competitive.
20. Sensitizing the students' community regarding culture and society.

Conclusion

Knowledge is the driving force in the rapidly changing globalizes economy and society. Quantity and quality of highly specialized human resources determine their competence in the global market. Emergence of knowledge as driving factor results in both challenges and opportunities. It is now well recognized that the growth of the global economy has increased opportunities for those countries with good levels of education and vice versa.

It is a fact that macro economic reforms imply profound changes in the relationship between government and higher education and also considerable expansion of the private sector in the higher education.

In the phase of internationalizing higher education, foreign universities and institutions have been allowed to come into India and establish franchise centers in the country, offering degrees or diplomas. Indian providers also set up institutions in other countries.

It is equally important to note the required fundamental transformation at both systems level and at institutional level in higher education. Effective financial management at institutional level is mandatory. It is essential that funding sources must be diversified but cost-sharing with students has socio-economical and political limits, and commercialization of higher education should be prohibited. Before concluding, the challenge to public policy on higher education in India remain to combine private providers with continuing responsibility of governments to guide, regulate, monitor and continuing the provision of subsidized higher education with a view to strike a balance between equity (assurance of access for the low-income students) and efficiency (quality and academic coverage for the needs of the globalized economy and society) principles.

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XIX Commonwealth Games and its Impact on Tourism

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Abstract

Major sports events always have a significant impact on the movement of tourist at that particular destination. Events like ICC World Cup, Olympics, FIFA World Cup, Asian Games, and Commonwealth Games etc. always attract a large number of tourists and help in boosting the tourism not only in the city but also the country as a whole. The aim of this research paper is to study the impact of XIX Commonwealth Games held in 2010 in New Delhi on the tourism in India. India is originator of many religions, especially Buddhism and Hinduism and this adds attractions to participants and spectators with belief in these religions.

Introduction

The World Tourism Organization defines **tourists** as people "travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes". When people travel for a sporting event to a particular destination, it is termed as "Sports Tourism". Sports tourism is the fastest growing sector in the global travel industry with a net worth of close to USD 600 Billion per year. Heather Gibson suggested that there are three types of sports tourism which include:

a) Sports Events Tourism – It refers to the visitors who visit the city with the purpose of watching the sporting event. This includes the maximum number of visitors to the city hosting the sporting event.

b) Nostalgia Sport Tourism – It involves visits to the sports hall of fames and places associated with historical sporting events.

c) Active Sport Tourism – It includes those who participate in the event.

The occurrence of a major sporting event in a city like New Delhi, which is also known for its rich cultural and historical value, helped the tourism industry grow in a significant manner. As per the information received from Bureau of Immigration, the total number of foreign tourist's arrivals at New Delhi airport during the period of Commonwealth Games was 75,606 while the total growth in the tourist arrivals in the city during the year was recorded at 9.90 percent.

Commonwealth and Commonwealth Games

Commonwealth is a traditional English term for a political community founded for the common good. Historically, it has sometimes been synonymous with "republic". More recently it has been used for fraternal associations of some sovereign nations. Most notably, the Commonwealth of Nations, an association primarily of former members of the British Empire, is often referred to as simply "the Commonwealth".

The "British Commonwealth" is a voluntary association of 54 independent sovereign states, most of which are former British colonies. The head of the Commonwealth of Nations is Queen Elizabeth II.

The Commonwealth Games is a multi-sporting event involving athletes from the Commonwealth of Nations. The event was first held in the year 1930 and takes place every fourth year. It was initially known as British Empire Games and was renamed to British Empire and Commonwealth Games in the year 1954 and the British Commonwealth Games in 1970, before finally getting its current title in the 1978 edition. The games are overseen by the Commonwealth Games Federation which also controls the sporting programmes and selects the host city. A host city is selected for each edition and 18 cities in seven countries have hosted the event so far. The motto of the Games is "Humanity – Equality – Destiny".

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Seal of the Commonwealth Games Federation

Although there are 54 members in the Commonwealth of Nations, 71 teams participate in the Commonwealth Games as a number of British Overseas territories, Crown dependencies and island states participate under their own flag. Even the four nations of the United Kingdom – England, Scotland, Wales and Northern Ireland send individual teams to these events.

The first Commonwealth Games were held in the year 1930 in Hamilton, Canada. Since then, the games have been held every four years with the exception of 1942 and 1946 due to World War II. The first event in which team games were introduced was in 1998 Games in Kuala Lumpur which saw introduction of sports like cricket, hockey, netball and rugby 7's. The 2002 Games in Manchester had a limited number of medal events for elite athletes with a disability which continued in the 2006 Games held at Melbourne.

The game has also seen a rise in the number of participating countries, events held and the number of participating athletes over the years as may be seen from Table-1 below. Number of participating countries has increased to more than 6 folds, number of events by about 4.5 folds and number of athletes to more than 10 times.

Table-1: Growth of the Commonwealth Games from 1930 to 2010

Year	Host City/ Nation	Participating Countries	Events Contested	Athletes
1930	Hamilton, Canada	11	59	400
1934	London, England	16	68	500
1938	Sydney, Australia	15	71	464
1950	Auckland, New Zealand	12	88	590
1954	Vancouver, Canada	24	91	662
1958	Cardiff, Wales	35	94	1122
1962	Perth, Australia	35	104	863
1966	Kingston, Jamaica	34	110	1050
1970	Edinburgh, Scotland	42	121	1383
1974	Christchurch, New Zealand	38	121	1276
1978	Edmonton, Canada	46	128	1474
1982	Brisbane, Australia	46	142	1583
1986	Edinburgh, Scotland	26	163	1662
1990	Auckland, New Zealand	55	204	2073
1994	Victoria, Canada	63	217	2557
1998	Kuala Lumpur, Malaysia	70	213	3633
2002	Manchester, England	72	281	3679
2006	Melbourne, Australia	71	245	4049
2010	New Delhi, India	71	272	4352

Source: Common Wealth Games Official Website

Commonwealth Games 2010

The XIX Commonwealth Games were held in New Delhi from 03rd to 14th October 2010. This was the first time that the Commonwealth Games were being hosted in India and only the second occasion when the Games were being hosted by an Asian country, the first being Malaysia in the year 1998. The event saw a total of 6,081 athletes from 71 Commonwealth nations and dependencies competing against each other in 21 sports and 272 events.

CWG Logo for 2010 Games along with the Mascot "Shera"

The official mascot of the games was "Shera" and the official song of the games was "Jiyo Utho Badho Jeeto" (Live-Rise-Move-Win). This song was composed by Oscar award winning composer, A. R. Rahman.

India won the bid for the 2010 Games at the Commonwealth Games Federation's General Assembly in Montego Bay, Jamaica in 2003. The host city contract was signed in November 2003 after which an Organizing Committee was formed with the President of Indian Olympic Association as its Chairman.

The queen's baton for the 2010 Games was officially handed over to the President of India, Her Excellency Smt. Pratibha Devisingh Patil on 29th October, 2009 by Her Majesty, Queen Elizabeth II. The baton travelled through all the Commonwealth countries before entering India on 25th June 2010, for its 100 days sojourn across 28 Indian states. It finally reached its destination – Jawaharlal Nehru Stadium on 03rd October 2010.

National Tour - Queen's Baton Relay

Infrastructure and Residential Arrangements

A residential games villages was built near the Akshardham Temple in New Delhi keeping in view the accommodation facilities for the players who had come to participate in the event. This entire project was undertaken by the Delhi Development Authority (D.D.A.), with a budget of Rs. 1034.82 Crores. The games village was constructed in the vicinity of heritage and historical landmarks of the city. The games village was divided into three zones – Residential Zone, International Zone and Operational Zone.

Spread over an area of 11.0 Hectares, the games village had a total of 1168 flats comprising of 4008 Rooms. These flats were spread across 34 towers and were furnished by India Tourism Development Corporation as per standards prescribed by DDA. The room analysis for the games village is given in Table-2 below.

Table-2: Accommodation details in Games Village

Type of Unit	No. Of Units	No. Of Rooms
2 Bedrooms	31	62
3 Bedrooms	765	2295
4 Bedrooms	209	836
5 Bedrooms	163	815
Total	**1168**	**4008**

Source: Annual Report 2010-11, Ministry of Youth Affairs and Sports.

With over 100,000 tourists expected to visit the city, various land owning agencies such as DDA, HUDA, DMRC, GDA etc. worked in collaboration to meet the demands. ITDC converted its residential apartments in Vasant Kunj into hotel accommodation for the entire duration of the Games.

Hotel Ashok, Hotel Janpath and Hotel Samrat, all under the banner of Indian Tourism Development Corporation (ITDC), were renovated and upgraded as "Games Family Hotel" as per a MoU signed between the Organizing Committee CWG 2010 and ITDC. All events and meetings of different constituent groups were held at the Hotel Ashok, which was the Games Family Hotel for the CWG 2010.

The Government of National Capital Territory of Delhi also upgraded the city infrastructure which included up-gradation of a large number of flyovers, widening of roads, strengthening and re-surfacing of roads, street lighting and street-scaping of major roads. Apart from this, a major restoration of Connaught Place and Gole Market has also been carried out along with work on Barapulla Nallah for easy access from Games Village to the sports venues.

Accommodation Facilities in New Delhi

A large number of hotels and guest houses were opened in order to accommodate the visitors that were expected to come to the city for the 2010 Games. Hotels like The Leela Palace, New Delhi were opened at strategic locations in order to attract large number of guests.

A large number of existing hotels underwent renovation and refurishment in order to prepare themselves for the event. ITDC spent around Rs. 300 Crores on the renovation of Hotel Ashok, Hotel Janpath and Hotel Samrat. At the Hotel Ashok, the renovation was carried out in the lobby, restaurants and the guest rooms. Also, a new lounge on the 7th floor and a new wine lounge at the Lobby level was built to cater to the niche clientele.

The Ministry of Tourism took a number of steps in order to increase the hotel accommodation capacity of the city. The outcomes of these efforts were:

- Availability of 9,099 new hotel rooms in the NCR region.
- 1,287 housing flats of the DDA under various categories at Vasant Kunj were upgraded and managed by ITDC. These flats were utilized for housing technical staff of the Games.
- 2,199 "Incredible India Bed & Breakfast / Homestay" units were arranged as additional alternative accommodations.
- 11,412 rooms were made available in licensed guest houses in NCT of Delhi.
- 50 units each of tented accommodation at Surajkund and Dundahera in Haryana were also arranged.

Major Tourist Attractions in New Delhi

Delhi is a modern city with a historic past. The tourist destinations in the city offer a huge range of attractions that include Mughal monuments, Colonial era buildings, traditional markets, skyscrapers, parks and gardens. Delhi is a city that combines the historic and the modern in its own unique way. Some of the tourist attractions of Delhi are:

6.1 Rashtrapati Bhawan: The president's mansion is situated on Raisina Hill in the centre of Delhi. This elegant building is famous for its architectural beauty and historic significance. The building also houses the famous Mughal Garden, which is open to the public in spring.

6.2 India Gate: Situated on Rajpath, in the centre of Delhi, is a 42-meter high arch, which was designed by Edwin Lutyens in memory of the Indian soldiers who sacrificed their lives during the First World War. The names of these martyrs are inscribed on the arch. The Amar Jawan Jyoti, an eternal flame, burns in memory of the "unknown soldier", beneath the shelter of the arch.

6.3 Red Fort: This grand fort was built of red sandstones during the reign of Mughal emperor Shah Jahan. The Diwan-e-khas and Diwan-e-Aam, the weaponry museum and the sound and light show are all worth seeing at the Red Fort.

6..4 Qutab Minar: Built during the reigns of Sultan Qutub-ud-din Aibak and Iltutmish in the 12^{th} century, this 72.5 m high pillar is a symbol of the Delhi Sultanate. There is also an Iron Pillar in the same compound, which was built around the 11^{th} century. The pillar is made of 98% pure iron and has not rusted or corroded over all these centuries.

6.5 Humayun's Tomb: Built by Humayun's wife, Hamida Begum, in 1556, after Humayun's death, this elegantly proportioned tomb is set on a platform amidst a garden and is believed to have influenced the design of the Taj Mahal at Agra.

6.6 Bahai Temple: This monument is commonly known as the Lotus Temple, because the white marble structure is built to in the shape of a lotus. It is a serene house of meditation, within which there are no idols and total silence prevails.

6.7 Jama Masjid: Built during the reign of the Mughal Emperor Shah Jahan, it is the largest mosques in India.

6.8 Delhi Haat: It is a small ethnic India in the midst of greater India. The market is known for good, affordable food stores representing almost every state of India, Indian textiles, hand looms, knick-knacks and handicraft works etc.

6.9 Jantar Mantar: This centuries old monument was built for astronomic purpose and is a symbol of Indian civilization and their advancement in the field of astrology.

Major Tourist Circuits in India

The Commonwealth Games have not only affected the tourism in New Delhi but also in the various other cities which are in vicinity of the National Capital Territory. These include Jaipur, Agra, Amritsar, Lucknow, Varanasi, Bhopal, Gwalior and Shimla etc.

Himachal Pradesh Tourism Development Corporation had offered a large number of packages to promote the health tourism during the time of 2010 Games. Haryana Tourism Ministry had constructed 7000 rooms in the NCR region in order to accommodate the overflow of tourists during the Games period. The state of Uttaranchal, known for its adventure tourism, had also launched a number of schemes in order to attract tourists.

Impact of CWG 2010 on Tourism and Arrival of Foreign Tourists in 2010

As a result of the CWG 2010, India registered a substantial increase in the foreign exchange earnings (FEE) in the year 2010. The FEE for the year 2010 was Rs. 64889 Crore compared to Rs. 54960 Crores in the year 2009, which was a growth of 18.1%. Compared to this, the growth rate in FEE from tourism during 2009 over 2008 was only 8.3%.

The foreign tourist arrivals (FTAs) in India during the year 2010 were recorded at 5.58 million as compared to the FTAs of 5.17 million during 2009, showing a growth of 8.1%. On the contrary, the difference in FTAs for the year 2009 over 2008 recorded a decline of 2.2%.

During the period of 14 days of Commonwealth Games, New Delhi airport alone registered over 75,000 foreign visitors. The breakup of the same is given in Table-3 below.

Table-3: Foreign Tourist Arrivals at New Delhi AIrport

Foreign Tourist Arrivals at New Delhi Airport	
Date	**Tourist Arrivals**
01.10.2010	5577
02.10.2010	7527
03.10.2010	6164
04.10.2010	5023
05.10.2010	4520
06.10.2010	5462
07.10.2010	4786
08.10.2010	5141
09.10.2010	5824
10.10.2010	4953
11.10.2010	5007
12.10.2010	5207
13.10.2010	5354
14.10.2010	5061
Total (01st – 14th October)	**75606**

Source: Bureau of Immigration, India

However, in certain aspects, the impact of the event was not to the mark. Although the number of foreign arrivals in Delhi increased by 5% during the games, it was quite less than the national average increase of 9.2%.

The event also marked the opening of a number of hotel and tourist accommodations, not only in the city of New Delhi, but also in various other adjoining cities and states. The event also created a large number of employment opportunities, led to the overall infrastructure development of the city, improved the transportation facilities and had an overall impact on the society and economy of New Delhi.

The Archaeological Survey of India spent close to Rs. 25.73 Crores on the various monuments in the city. This included conservation and repair work, sprucing up of the monuments, environmental development and illumination of the monuments.

The city was also given a large number of flyovers, underpasses, an extensive coverage of the Metro rail system and additional fleet of low floor buses. The Delhi Government had assigned nearly 24% of its budget's share on the transport sector alone. A number of major roads in the cities were also given a facelift for the event which not only helped in smoothing out the transportation for the players during the event but also helped in the providing a better transportation services for the tourists that visited the city, not only for the event, but also in the future for the sole purpose of visiting the city.

Summary

The above study has been carried out to understand the overall impact of the XIX Commonwealth Games on the city of New Delhi. We have tried to cover not only the impact on tourism facilities but to some extent, also on the overall development of the city and its facilities. Sporting events have always helped cities to upgrade their services and get an overall uplift. Although the history suggests that not all the sporting events have been able to make profit, but they do help the city to a large extent. The data and the statistics presented in the paper also suggest that any major sporting event does leave a huge impact on the city where the event is organized as well as the country which has organized it. and its tourism sector.

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Foreign Direct Investment : A critical review

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Alpana srivastava*

Abstract

As retail is booming in India and World market, the issue of FDI is of great concern for developed and under-developed nations. The income disparity and the divide between rich and the poor is increasing day by day in not only the undeveloped or developing nation but also in developed nation. This poses a concern over social benefits of FDI over the economic benefits of the same. The present study focuses on the FDI policy, its concern from government point of view, retail point of view and also from the author's point of view. The FDI if allowed what will be the social and economic status of the country and if not allowed then what is the central point of the discussion of this study.

Introduction

The retail industry in India is of late often being hailed as one of the sunrise sectors in the economy. AT Kearney, the well-known international management consultancy, recently identified India as the 'second most attractive retail destination' globally from among thirty emergent markets. With a contribution of 14% to the national GDP and employing 7% of the total workforce (only agriculture employs more) in the country, the retail industry is definitely one of the pillars of the Indian economy[#]. According to the Investment Commission of India, the retail sector is expected to grow from $470 billion in 2011 to $660 billion by 2015, which again makes it a promising sector for investors.

Apart from the investment point of view the Indian retail sector is also viewed as the second largest employer in after agriculture, employing over 4 crore (40 million) persons as per the latest National Sample Survey (NSS) 2009-10. Most of these are small unorganized or self-employed retailers, who are unable to find gainful employment in other sectors of the economy. Despite the hype over the high GDP growth in India, NSS 2009-10 has confirmed the trend of jobless growth in the country. Total employment growth has slowed down from an annual rate of around 2.7% during 2000-2005 to only 0.8% during 2005-2010.

Growth in non-agricultural employment fell from 4.65% to 2.53%. Among all the workers at the national level, about 51% were 'self-employed', about 33.5% were 'casual labour' and only 15.6% were 'regular wage/salaried' employees.

Structure of Retail in Indian

The retail industry is divided into organized and unorganized sectors. Organized retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc.

These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganized retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc. Unorganized retailing is by far the prevalent form of trade in India - constituting 95% of total trade, while organized trade accounts only for the remaining 5%.

FDI Policy in India

FDI as defined in Dictionary of Economics (Graham Bannock et.al) is investment in a foreign country through the acquisition of a local company or the establishment there of an operation on a new (Greenfield) site. To put in simple words, FDI refers to capital inflows from abroad that is invested in or to enhance the production capacity of the economy.

Foreign Investment in India is governed by the FDI policy announced by the Government of India and the provision of

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the Foreign Exchange Management Act (FEMA) 1999. The Reserve Bank of India ('RBI') in this regard had issued a notification, which contains the Foreign Exchange Management (Transfer or issue of security by a person resident outside India) Regulations, 2000. This notification has been amended from time to time.

The Ministry of Commerce and Industry, Government of India is the nodal agency for motoring and reviewing the FDI policy on continued basis and changes in sectoral policy/ sectoral equity cap. The FDI policy is notified through Press Notes by the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy and Promotion (DIPP).

The foreign investors are free to invest in India, except few sectors/activities, where prior approval from the RBI or Foreign Investment Promotion Board ('FIPB') would be required.

FDI Policy with Regard to Retailing in India

FDI Policy issued in October 2010 which provide the sector specific guidelines for FDI with regard to the conduct of trading activities.

a) FDI up to 100% for cash and carry wholesale trading and export trading allowed under the automatic route.

b) FDI up to 51 % with prior Government approval (i.e. FIPB) for retail trade of 'Single Brand' products, subject to Press Note 3 (2006 Series)[6].

c) FDI is not permitted in Multi Brand Retailing in India.

Entry Options For Foreign Players prior to FDI Policy

Although prior to Jan 24, 2006, FDI was not authorized in retailing, most general players had been operating in the country. Some of entrance routes used by them have been discussed in sum as below:-

1. **Franchise Agreements**

   It is an easiest track to come in the Indian market. In franchising and commission agents' services, FDI (unless otherwise prohibited) is allowed with the approval of the Reserve Bank of India (RBI) under the Foreign Exchange Management Act. This is a most usual mode for entrance of quick food bondage opposite a world. Apart from quick food bondage identical to Pizza Hut, players such as Lacoste, Mango, Nike as good as Marks as good as Spencer, have entered Indian marketplace by this route.

2. **Cash And Carry Wholesale Trading**

   100% FDI is allowed in wholesale trading which involves building of a large distribution infrastructure to assist local manufacturers.[7] The wholesaler deals only with smaller retailers and not Consumers. Metro AG of Germany was the first significant global player to enter India through this route.

3. **Strategic Licensing Agreements**

   Some foreign brands give exclusive licences and distribution rights to Indian companies. Through these rights, Indian companies can either sell it through their own stores, or enter into shop-in-shop arrangements or distribute the brands to franchisees. Mango, the Spanish apparel brand has entered India through this route with an agreement with Piramyd, Mumbai, SPAR entered into a similar agreement with Radhakrishna Foodlands Pvt. Ltd.

4. **Manufacturing and Wholly Owned Subsidiaries.**

   The foreign brands such as Nike, Reebok, Adidas, etc. that have wholly-owned subsidiaries in manufacturing are treated as Indian companies and are, therefore, allowed to do retail. These companies have been authorised to sell products to Indian consumers by franchising, internal distributors, existent Indian retailers, own outlets, etc. For instance, Nike entered through an exclusive licensing agreement with Sierra Enterprises but now has a wholly owned subsidiary, Nike India Private Limited.

FDI in Single Brand Retail

The Government has not categorically defined the meaning of "Single Brand" anywhere neither in any of its circulars nor any notifications. In single-brand retail, FDI up to 51 per cent is allowed, subject to Foreign Investment Promotion Board (FIPB) approval and subject to the conditions that (a) only single brand products would be sold (i.e., retail of goods of multi-brand even if produced by the same manufacturer would not be allowed), (b) products should be sold under the same brand internationally, (c) single-brand product retail would only cover products which are branded during manufacturing and (d) any addition to product categories to be sold under "single-brand" would require fresh approval from the government. While the phrase 'single brand' has not been defined, it implies that foreign companies would be allowed to sell goods sold internationally under a 'single brand', viz., Reebok, Nokia, Adidas. Retailing of goods of multiple brands, even if such products were produced by the same manufacturer, would not be allowed.

FDI in Multi Brand Retail

The government has also not defined the term Multi Brand. FDI in Multi Brand retail implies that a retail store with a foreign investment can sell multiple brands under one roof. In July 2010, Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce circulated a discussion paper[11] on allowing FDI in multi-brand retail. The paper doesn't suggest any upper limit on FDI in multi-brand retail. If implemented, it would open the doors for global retail giants to enter and establish their footprints on the retail landscape of India. Opening up FDI in multi-brand retail will mean that global retailers including Wal-Mart, Carrefour and Tesco can open stores offering a range of household items and grocery directly to consumers in the same way as the ubiquitous 'kirana' store.

Foreign Investor's Concern

The current FDI Policy will not make any difference for those brands which adopt the franchising route. They would have preferred that the Government liberalize rules for maximizing their royalty and franchise fees. They must still rely on innovative structuring of franchise arrangements to maximize their returns. Consumer durable majors such as LG and Samsung, which have exclusive franchisee owned stores, are unlikely to shift from the preferred route right away.

For those companies which choose to adopt the route of 51% partnership, they must tie up with a local partner. The key is finding a partner which is reliable and who can also teach a trick or two about the domestic market and the Indian consumer. Currently, the organized retail sector is dominated by the likes of large business groups which decided to diversify into retail to cash in on the boom in the sector - corporate such as Tata through its brand Westside, RPG Group through Food-world, Pantaloon of the Raheja Group and Shopper's Stop. Do foreign investors look to tie up with an existing retailer or look to others not necessarily in the business but looking to diversify, as many business groups are doing? They must also be aware of the regulation which states that once a foreign company enters into a technical or financial collaboration with an Indian partner, it cannot enter into another joint venture with another Indian company or set up its own subsidiary in the 'same' field' without the first partner's consent if the joint venture agreement does not provide for a 'conflict of interest' clause. In effect, it means that foreign brand owners must be extremely careful whom they choose as partners and the brand they introduce in India. The first brand could also be their last if they do not negotiate the strategic arrangement diligently.

Government Concern for Allowing FDI in Retail Sector

A number of concerns were expressed with regard to partial opening of the retail sector for FDI. The Hon'ble Department Related Parliamentary Standing Committee on Commerce, in its 90th Report, on 'Foreign and Domestic Investment in Retail Sector', laid in the Lok Sabha and the Rajya Sabha on 8 June, 2009, had made an in-depth study on the subject and identified a number of issues related to FDI in the retail sector. These included:

It would lead to unfair competition and ultimately result in large-scale exit of domestic retailers, especially the small family managed outlets, leading to large scale displacement of persons employed in the retail sector. Further, as the manufacturing sector has not been growing fast enough, the persons displaced from the retail sector would not be absorbed there.

Another concern is that the Indian retail sector, particularly organized retail, is still under-developed and in a nascent stage and that, therefore, it is important that the domestic retail sector is allowed to grow and consolidate first, before opening this sector to foreign investors.

Antagonists of FDI in retail sector oppose the same on various grounds, like, that the entry of large global retailers such as Wal-Mart would kill local shops and millions of jobs, since the unorganized retail sector employs an enormous percentage of Indian population after the agriculture sector; secondly that the global retailers would conspire and exercise monopolistic power to raise prices and monopolistic (big buying) power to reduce the prices received by the suppliers; thirdly, it would lead to asymmetrical growth in cities, causing discontent and social tension elsewhere. Hence, both the consumers and the suppliers would lose, while the profit margins of such retail chains would go up.

Scenario analyzed if FDI is allowed

In this backdrop, the entry of MNC supermarket and hypermarket chains would cause severe displacement of the small and unorganized retailers. The sample survey of unorganized retailers done by the ICRIER in 2008 estimated the average size of an unorganized outlet to be around 217 sq.ft, excluding the pushcarts and kiosks operated by the hawkers (Impact of Organized Retailing on the Unorganized Sector, ICRIER, May 2008). The total annual business of unorganized retail in India was estimated in the ICRIER report to be $ 408.8 billion in 2006-07 and the total number of traditional retail outlets as 13 million (1.3 crore). The average total business per store per year for an Indian unorganized retail store therefore comes to around $31446 (Rs. 15 lakh). The survey found an average retail outlet employing 2 to 3 persons. The average size of a Walmart supermarket in the US is 108000 sq.ft employing around 225 persons. In 2010, Walmart sold $405 billion amount of goods through its 9800 odd outlets 5 located across 28 countries, employing around 2.1 million (21lakh) persons. This implies that one Walmart supermarket can displace over 1300 Indian small retail stores and thereby render around 3900 persons jobless. The employment created against this in that supermarket will be

214 (or maximum 225, which is the average in the US). Clearly, there will be severe job losses if giant MNC supermarkets are allowed entry into the Indian market.

One of the principal reasons behind the explosion of retail and its fragmented nature in the country is the fact that retailing is probably the primary form of disguised unemployment/underemployment in the country. Given the already over-crowded agriculture sector, and the stagnating manufacturing sector, and the hard nature and relatively low wages of jobs in both, many million Indians are virtually forced into the services sector. Here, given the lack of opportunities, it is almost a natural decision for an individual to set up a small shop or store, depending on his or her means and capital. And thus, a retailer is born, seemingly out of circumstance rather than choice. This phenomenon quite aptly explains the millions of kirana shops and small stores. The explosion of retail outlets in the more busy streets of Indian villages and towns is a visible testimony of this. The presence of more than one retailer for every hundred persons is indicative of the lack of economic opportunities that is forcing people into this form of self-employment, even though much of it is marginal. Because of this fragmentation, the Indian retail sector typically suffers from limited access to capital, labour and real estate options.

The typical traditional retailer follows the low-cost-and-size format, functioning at a small-scale level, rarely eligible for tax and following a cheap model of operations Therefore, they find jobs in the informal sector, mostly in retail. Retailing is by far the easiest business to enter, with low capital and infrastructure needs, and as such, performs a vital function in the economy as a social security net for the unemployed. India, being a free and democratic country, provides its people with this cushion of being able to make a living for oneself through self-employment, as opposed to an economy like China, where employment is regulated. Yet, even this does not annul the fact that a multitude of these so-called 'self-employed' retailers are simply trying to scrape together a living, in the face of limited opportunities for employment. In this light, one could brand this sector as one of "forced employment", where the retailer is pushed into it, purely because of the paucity of opportunities in other sectors.

The largest retailer in the world 'Wal-Mart' has a turnover of $ 237 bn. And is growing annually at an average of 12-13%. In 2010 its net profit was $4.6billion. It had 8970 stores employing 2.1 mn persons. Of these 5,651 were outside the USA. The average size of a Wal-mart is 85,000 sq.ft and the average turnover of a store was about $ 47 mn. The turnover per employee averaged $ 199,501. In 2011 Wal-Mart had a 19.2% return on investment. By contrast the average Indian retailer had a turnover of Rs. 186,075. Only 4% of the 12 million retail outlets were larger than 500 sq.ft in size. The total turnover of the unorganized retail sector was Rs. 735,000 crores employing 39.5 mn persons. Let alone the average Indian retailer in the unorganized sector, no Indian retailer in the organized sector will be able to meet the onslaught from a firm such as Wal-Mart - when it comes. With its incredibly deep pockets Wal-Mart will be able to sustain losses for many years till its immediate competition is wiped out. This is a normal predatory strategy used by large players to drive out small and dispersed competition. This entails job losses by the millions. The Commerce Minister has claimed that FDI in retail will create 10 million (1 crore) jobs in 3 years with 4 million (40 lakhs) jobs created directly and the rest in the backend logistics. The number of stores worldwide and employee strength of the top 4 MNC are given below:

If 4 million jobs are to be created in India in 3 years, even the Walmart, which has the largest average employee per store, will need to open over 18600 supermarkets in India! If the average of the 4 top global retailers areis considered, i.e. 117 employees per store, over 34180 supermarkets have to open in 3 years to employ 4 million people - i.e. 644 supermarkets in each of the 53 cities!! Can these absurd claims made by the Commerce Minister be taken seriously? Moreover, our earlier estimate suggests that for every job created in the supermarkets, around 17 jobs will be lost in the Indian unorganized retail sector. Therefore, in case 4 million jobs are created in the supermarkets over the next 3 years, the entire domestic retail sector in India (40 million plus) will get completely wiped out!

Authors View on Foreign Direct Investment (FDI) in Retail:

Given this backdrop, opening up the retail sector to Foreign Direct Investment (FDI) becomes a very sensitive issue, with arguments to support both sides of the debate. It is widely acknowledged that FDI can have some positive results on the economy, triggering a series of reactions that in the long run can lead to greater efficiency and improvement of living standards, apart from greater integration into the global economy. Supporters of FDI in retail trade talk of how ultimately the consumer is benefited by both price reductions and improved selection, brought about by the technology and know-how of foreign players in the market. This in turn can lead to greater output and domestic consumption. But the most important factor against FDI driven "modern retailing" is that it is labour displacing to the extent that it can only expand by destroying the traditional retail sector.

Till such time we are in a position to create jobs on a large scale in manufacturing, it would make eminent sense that any policy that results in the elimination of jobs in the unorganized retail sector should be kept on hold. Though most of the high decibel arguments in favour of FDI in the retail sector are not without some merit, it is not fully applicable to the retailing sector in India, or at least, not yet. This is because the primary task of government in India is still to provide livelihoods and not create so called efficiencies of scale by creating redundancies. As per present regulations, no FDI is permitted in retail trade in India. Allowing 49% or 26% FDI (which have been the proposed figures till date) will have immediate and dire consequences.

The other side of the coin poses more blare picture with the entry of foreign players which may disrupt the current balance of the economy, will render millions of small retailers jobless by closing the small slit of opportunity available to them. Imagine if only Wal-Mart, the world's biggest retailer sets up operations in India at prime locations in the 35 large cities and towns that house more than 1million people13. The supermarket will typically sell everything, from vegetables to the latest electronic gadgets, at extremely low prices that will most likely undercut those in nearby local stores selling similar goods. Wal-Mart would be more likely to source its raw materials from abroad, and procure goods like vegetables and fruits directly from farmers at preordained quantities and specifications. This means a foreign company will buy big from India and abroad and be able to sell low - severely undercutting the small retailers. Once a monopoly situation is created this will then turn into buying low and selling high. Such re-orientation of sourcing of materials will completely disintegrate the already established supply chain.

It is easy to visualise from the discussion above, how the entry of just one big retailer is capable of destroying a whole local economy and send it hurtling down a spiral. One must also not forget how countries like China, Malaysia and Thailand, who opened their retail sector to FDI in the recent past, have been forced to enact new laws to check the prolific expansion of the new foreign malls and hypermarkets. Given their economies of scale and huge resources, a big domestic retailer or any new foreign player will be able to provide their merchandise at cheaper rates than a smaller retailer. But stopping an Indian retailer from growing bigger is something current public policy cannot do, whereas the State does have the prerogative in whether foreign entry in the retail sector should be stalled or not.

It is true that it is in the consumer's best interest to obtain his goods and services at the lowest possible price. But this is a privilege for the individual consumer and it cannot, in any circumstance, override the responsibility of any society to provide economic security for its population. Clearly collective well-being must take precedence over individual benefits.

Table -1: Sectoral GDP, Employment		
Sectors	Share % in GDP	% share of Employment
Agriculture	18.1	52
Service	55.6	34
Industry	26.3	14

So far Indian economy has been heavily geared towards the service sector that contributes 56% of our GDP. The service sector's contribution to the increase in GDP over the last 5 years has great. Having a high contribution from services is an attribute that is characteristic of developed economies. What is anomalous in the Indian case is the fact that in other fast developing economies, say China, manufacturing accounts for a significant share of GDP, whereas in India, manufacturing contributes a mere 10.8 % of the GDP. It is evident that the manufacturing sector has been the engine for economic growth in China.

Ironically it would seem that the Indian economy is getting a post-industrial profile without having been industrialized Retailing is not an activity that can boost GDP by itself. It is only an intermediate value-adding process. If there aren't any goods being manufactured, then there will not be many goods to be retailed This underlines the importance of manufacturing in a developing economy. One could argue that the alarmingly low contribution of industry is attributable to the structural adjustments going on the sector, getting rid of the flab and getting ready to compete, but that still cannot undermine the seriousness of the issue at hand, in that only 6.215 million out of productive cohort of 600 million is employed in organised manufacturing. Only until the tardy growth of the manufacturing sector is addressed properly and its productivity chart starts to look prettier, could one begin thinking of dislocating some of the retailing workforce into this space. Until that day, disturbing the hornet's nest would be one very painful experience for the economy.

Recommendations:

1. The retail sector in India is severely constrained **by limited availability of bank finance.** The Government and RBI need to evolve suitable lending policies that will enable retailers in the organized and unorganized sectors to expand and improve efficiencies. Policies that encourage unorganized sector retailers to migrate to the organized sector by investing in space and equipment should be encouraged.

A **National Commission** must be established to study the problems of the retail sector and to evolve policies that will enable it to cope with FDI - as and when it comes. The proposed National Commission should evolve a clear set of **conditionalties on giant foreign retailers** on the procurement of farm produce, domestically manufactured merchandise and imported goods. These conditionalities must be aimed at encouraging the purchase of goods in the domestic market, state the minimum space, size and specify details like, construction and storage standards, the ratio of floor space to parking space etc. Giant shopping centres must not add to our existing urban snarl.

Entry of foreign players must be **gradual and with social safeguards** so that the effects of the labour dislocation can be analysed & policy finetuned. Initially allow them to set up supermarkets only in metros. Make the costs of entry high and according to specific norms and regulations so that the retailer cannot immediately indulge in 'predatory' pricing.

In order to address the dislocation issue, it becomes imperative to develop and **improve the manufacturing sector** in India. There has been a substantial fall in employment by the manufacturing sector, to the extent of 4.06 lakhs over the period 1998 to 2001, while its contribution to the GDP has grown at an average rate of only 3.7%17. If this sector is given due attention, and allowed to take wings, then it could be a source of great compensation to the displaced workforce from the retail industry.

The government must actively encourage setting up of **co-operative stores** to procure and stock their consumer goods and commodities from small producers. This will address the dual problem of limited promotion and marketing ability, as well as market penetration for the retailer. The government can also facilitate the setting up of warehousing units and cold chains, thereby lowering the capital costs for the small retailers.

Rationale behind Allowing FDI in Retail Sector

FDI can be a powerful catalyst to spur competition in the retail industry, due to the current scenario of low competition and poor productivity.

The policy of single-brand retail was adopted to allow Indian consumers access to foreign brands. Since Indians spend a lot of money shopping abroad, this policy enables them to spend the same money on the same goods in India. FDI in single-brand retailing was permitted in 2006, up to 51 per cent of ownership. Between then and May 2010, a total of 94 proposals have been received. Of these, 57 proposals have been approved. An FDI inflow of US$196.46 million under the category of single brand retailing was received between April 2006 and September 2010, comprising 0.16 per cent of the total FDI inflows during the period. Retail stocks rose by as much as 5%. Shares of Pantaloon Retail (India) Ltd ended 4.84% up at Rs 441 on the Bombay Stock Exchange. Shares of Shopper's Stop Ltd rose 2.02% and Trent Ltd, 3.19%. The exchange's key index rose 173.04 points, or 0.99%, to 17,614.48. But this is very less as compared to what it would have been had FDI upto 100% been allowed in India for single brand.

The policy of allowing 100% FDI in single brand retail can benefit both the foreign retailer and the Indian partner - foreign players get local market knowledge, while Indian companies can access global best management practices, designs and technological knowhow. By partially opening this sector, the government was able to reduce the pressure from its trading partners in bilateral/ multilateral negotiations and could demonstrate India's intentions in liberalising this sector in a phased manner.

Permitting foreign investment in food-based retailing is likely to ensure adequate flow of capital into the country & its productive use, in a manner likely to promote the welfare of all sections of society, particularly farmers and consumers. It would also help bring about improvements in farmer income & agricultural growth and assist in lowering consumer prices inflation.[15]

Apart from this, by allowing FDI in retail trade, India will significantly flourish in terms of quality standards and consumer expectations, since the inflow of FDI in retail sector is bound to pull up the quality standards and cost-competitiveness of Indian producers in all the segments. It is therefore obvious that we should not only permit but encourage FDI in retail trade.

Lastly, it is to be noted that the Indian Council of Research in International Economic Relations (ICRIER), a premier economic think tank of the country, which was appointed to look into the impact of BIG capital in the retail sector, has projected the worth of Indian retail sector to reach $496 billion by 2011-12 and ICRIER has also come to conclusion that investment of 'big' money (large corporates and FDI) in the retail sector would in the long run not harm interests of small, traditional, retailers.

In light of the above, it can be safely concluded that allowing healthy FDI in the retail sector would not only lead to a substantial surge in the country's GDP and overall economic development, but would inter alia also help in integrating the Indian retail market with that of the global retail market in addition to providing not just employment but a better paying employment, which the unorganized sector (kirana and other small time retailing shops) have undoubtedly failed to provide to the masses employed in them.

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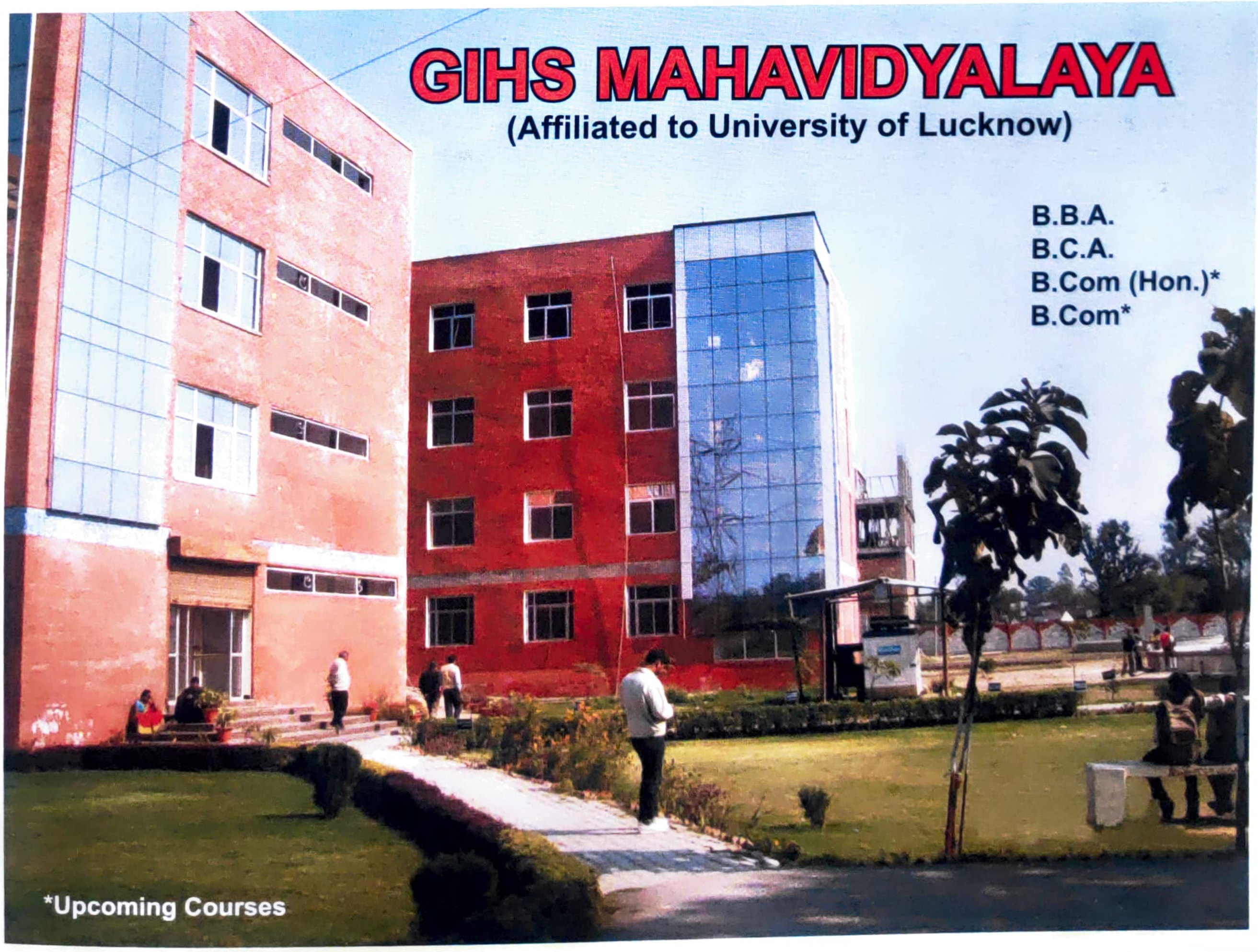

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