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INTERNET MARKETING - AVENUES AND IMPACT ON BUSINESS

Jasneet Kamboj*

*Lecturer, Department of Commerce,
S.A. Jain College, Ambala City, INDIA

INTRODUCTION

INTERNET MARKETING

Internet marketing, or online marketing, refers to advertising and marketing efforts that use the Web and e-mail to drive direct sales via e-commerce as well as sales leads from Web sites or emails. Internet marketing and online advertising efforts are typically used in conjunction with traditional types of advertising like radio, television, newspapers and magazines.

Internet marketing can also be broken down into more specialized areas such as Web marketing, email marketing and social media marketing: Web marketing includes e-commerce Web sites, affiliate marketing Web sites, promotional or informative Web sites, online advertising on search engines, and organic search engine results via search engine optimization (SEO)

Email marketing involves both advertising and promotional marketing efforts via e-mail messages to current and prospective customers

Social media marketing involves both advertising and marketing (including viral marketing) efforts via social networking sites like Facebook, Twitter, YouTube.

DEFINITION

Internet Marketing is an all-inclusive term for marketing products and/or services online – and like many all-inclusive terms, Internet marketing means different things to different people. Essentially, though, Internet marketing refers to the strategies that are used to market a product or service online, marketing strategies that include search engine optimization and search engine submission, copywriting that encourages site visitors to take action, web site design strategies, online promotions, reciprocal linking, and email marketing – and that's just hitting the highlights.

Online marketers are constantly devising new Internet marketing strategies in the hopes of driving more traffic to their Web sites and making more sales; witness the increasing use of blogs as marketing tools for business.

AVENUES IN INTERNET MARKETING

Online marketing has really exploded, and businesses now have a variety of methods to reach out to their potential clients. Over a dozen online marketing avenues roll off the tongue, and this is by no means an exhaustive list: the opportunities are endless, and limited only by creativity and resources. That being said, these are some of the most common online marketing avenues; learn to leverage them effectively, and you can dramatically expand your reach, capture a significantly wider audience and boost your conversion rate.

1. EMAIL- E-mail marketing has been around for a long time, and many businesses now eschew it as old news. It may not be new or exciting, but it remains one of the most effective forms of contact. Effective email campaigns to opt-in email addresses continue to produce higher conversation rates than any other marketing technique. All you need to do is give people a good reason to opt-in, create effective messages that target your audience and send them out at the appropriate intervals.

2. SOCIAL MEDIA-Social media was the new hotness a year or two ago, but now it's become an accepted part of many businesses' online presence. If you're a major player, it's surprising to find that you don't have a Twitter account or Facebook page, and more and more businesses are now adding Google+ and LinkedIn, too. Effectively utilizing social media can be a great tool for drastically expanding your scope. But social media requires a lot of up-front time investment, and the return on the investment for most businesses is not proportional to the resources that go into this marketing avenue. This is one of those things that you should maintain because clients expect you to, but in general you'll find more bang for your marketing buck elsewhere.

3. ARTICLE MARKETING- Article marketing involves submitting articles relative to your field of expertise to article directory websites. Popular article marketing sites include e-zine Articles, Hub Pages, Squidoo – more than a hundred article directories exist, some of which have a unique style and flare, and others are little more than link-building directories. Article marketing can provide you with inbound links and improve your SEO. However, avoid spamming article marketing sites, as Google frowns upon duplicate content. If your article shows up in a hundred different places, your article marketing efforts can actually hurt your website's reputation.

4. PRESS RELEASE MARKETING- Press release marketing functions much like article marketing. You can submit your press release to one of many press release directory services, or submit it directly to various news services. In an ideal world, a major news service will take your press release and run with it, providing you exposure to thousands of new viewers. But doing press release marketing right takes an experienced professional; too many press releases read likean ad for the company, and don't get picked up by news services.

5. LANDING PAGES- A landing page, or lead capture page, is designed to get your audience totake some action; typically to sign up for an email campaign or create an account. A landing page should always have a clear call to action, and many businesses customize a landing page for a specific traffic source – making it easy to see which traffic source results in the largest number of people responding to your call to action, and also making the landing page more effective because it's tailored to a specific source and audience.

6. SEO- Search engine optimization, or SEO, is the process of taking a website and optimizing itto rank highly in specifically-tailored search results. SEO may include internal HTML and code tweaks, content changes designed to target specific keywords, and website structure changes. Effective SEO boosts the page rank of your site for certain keywords, and makes it easier for your customers to find you in a Web search.

7. SEARCH ENGINE MARKETING- Search engine marketing, or SEM, is a type of internet marketing designed to increase traffic as a result of paid search engine placement. SEM techniques may include contextual advertising, paid placement and paid inclusion. SEM for a niche site may be relatively inexpensive and effective, but it's difficult to compete in SEM for popular, high-demand keywords.

8. INBOUND LINKING- Inbound linking is an online marketing technique that has a couple ofbenefits; effective inbound linking can increase your page rank, and it also makes it easier for your customers to find you. Inbound linking can be achieved in a variety of ways; through posting responses in forums related to your product or service; through paid inbound linking services and through things like guest blogging and other exchange-type interactions. It's important to keep in mind that if you pay for an inbound linking service, the wrong link-building program can hurt your page results, and even get you banned from Google; we'll explore this further when we talk about Black Hat marketing techniques a bit later.

Ultimately, these tools can help any business reach a wider audience, and should form the core of your marketing platform. The right combination of tools in the right proportions varies depending on your business, but an experienced marketing professional can help you explore which tools are right for you.

IMPACT ON BUSINESS

The Internet has grown into a necessary utensil for today's business. Having online presence of your business is paramount to pit yourself against competitors. The widespread use of search engines has brought about people routinely surfing the net for good or services needed at a particular moment.

It has been widely reported that businesses using online advertising grow faster than their competitors. This is due to the fact that, Internet marketing provides exciting prospects for business to increase sales and reduce costs, since online advertising is cheaper than the traditional adverts in newspapers and phonebooks. Furthermore, businesses can greatly benefit from online advertising since online marketing provides a bigger sense of accountability. It is more flexible and allows firms to assess the impact of a campaign in an easier way than any other offline marketing media.

Internet Marketing equips businesses with the opportunity to ponder on the expenditure of their online campaign, and tweaking can take place almost immediately if aspects of an online campaign are not being as successful as expected. With the use of web analytics businesses can track their ROI, examine the conversion rate they are having, and have an idea of their overall performance at a glance.

There are three acknowledged facts about the Internet's effect on commercial activity:-

- First it shifts power from sellers to buyers by reducing the cost of switching supplier (the next vendor is only a mouse-click away) and freely distributing a huge amount of price and product information.
- The second fact is that the Internet reduces transactions costs and thus stimulates economic activity
- The third fact is that the speed, range and accessibility of information on the Internet andthe low cost of distributing and capturing it create new commercial possibilities

Consequently, businesses can lay the foundations for their success with the help of online marketing. A well thought out marketing strategy must contain the next points:

- SEO must be the cornerstone of your online marketing strategy, making your website more search engine compatible. SEO gives small businesses the opportunity to attract relevant visitors to their Web Pages. These visitors are very likely to be leads as a result of the search they are performing.
- A small part of the budget should go to PPC, sponsoring keywords related to your goods or services.
- Promote your brand on social media, such as, Facebook, Twitter, and forums related to your industry. Social media platforms should be a priority. Social media gives small business the chance to expose themselves to the wider public and promote their products and services. Users can become familiar with their brand and provide feedback and word of mouth
- Keep track of your online activity through Web analytic.

CONCLUSION

Internet marketing (also known as online marketing) is exactly as it sounds, a way to market your products or services on the internet. Many make the mistake of believing that all it takes to be considered an internet marketer is to have a live website. That is far from the truth. There are millions of websites added online every day. What makes a website adequately compete in internet marketing goes far beyond registering a domain name and uploading content. It takes skillful strategy and an evolving knowledge of the internet marketing industry.

In order for your business to really thrive, there must be an internet marketing campaign in place. The internet is extremely competitive but it is worth it to find your place amongst the competition. The possibilities for your business when it is successful marketed on the internet are limitless. With this platform, your business is given the opportunity to reach a clientele far beyond the bounds of your business physical location. Theninternet allows for your business to be accessed around the world.

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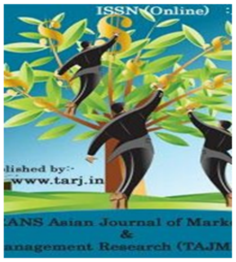

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A CASE STUDY OF INDIA AND CHINA

Ashish Gupta*; Jai Prakash Garg**

*Ph.D. Scholar, National Dairy Research Institute,
Karnal, INDIA
**Ph.D. Scholar, National Dairy Research Institute,
Karnal, INDIA

ABSTRACT

With globalisation and liberalisation since 1990's , anti dumping has been intensively used to protect the domestic industries from the unfair practices of the other countries. Anit dumping is basically used to ensure fair competition between domestic products and imports. However , it could also be used as a protection measure to increase the trade barriers. China happens to be the number one target of anti dumping cases. The paper aim to study the impact of anti dumping duties between India and China. An attempt has been made to study the same with the help of a case study of sports shoes imported from China.

KEYWORDS: *Anti dumping, Shoes.*

INTRODUCTION

One of the measures for temporary protection to specific industries is imposition of anti dumping duty. Dumping can be defined as the situation when an exporter sells a product at a price less than the price prevailing in its domestic market. In this case the export price is less the normal value where normal value is the comparable price for similar product in domestic country. A product is said to have dumped if it is introduced into commerce of another country at less than the normal value of the product and if it causes material injury to an established industry of the country.

Price discrimination in the form of dumping is the common international practice. Therefore it may not be illegal, but when dumping causes or threatens to cause material injury to the domestic industry, necessary action is initiated for investigations and anti dumping duty is may be imposed. The basic explanation for aversion to dumping as stated by soderstern is "Dumping as an unstable situation such that domestic producers would be wiped out."

Material injury is when dumped imports may have price or volume effects. There may be effect on the volume of the dumped imports in relation to domestic production or consumption and thus effect the domestic industry. The dumped imports may also cause price depression or prevent price increase for the goods which otherwise would have occurred. The injury may be evaluated as follows:

*Decline in domestic output

*Loss of sales and loss of market share

*Reduced profits

*Decline in productivity and in return on investments

*Price effects

*Employment and wage impacts

An anti dumping duty is imposed only when the export prices are lower than normal values and when a causal link is established between the dumping and the injury suffered by the domestic industry. Under the GATT provisions, the national authorities cannot impose duties higher than the margin of dumping. Margin of dumping refers to the difference between the normal value of the like article and the export price of the product under consideration.

FEATURES OF ANTI DUMPING IN INDIA

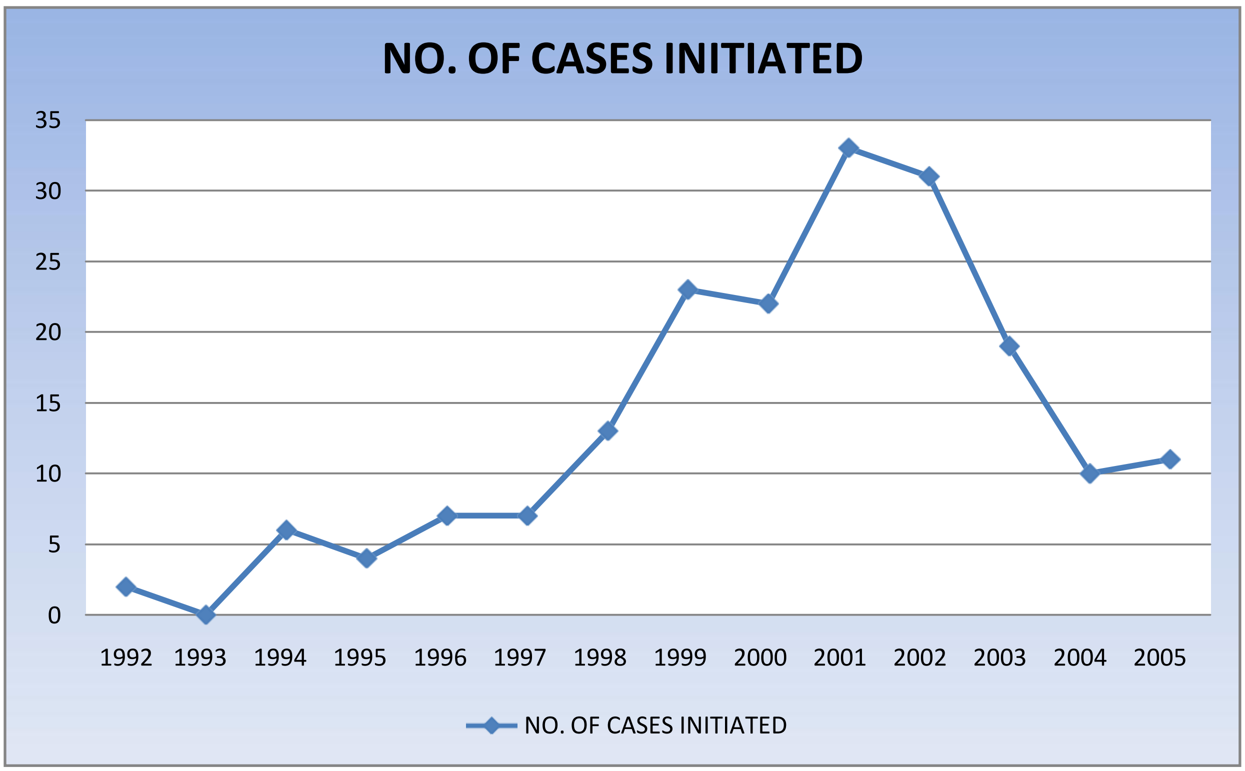
India has an anti dumping legislation in since 1985. The first anti dumping case in India was initiated 1992 against U.S.A., Japan and Brazil for the import of pvc resin. There has been continuous increase in the use of the anti dumping measures since then. India filed 188 anti dumping cases by 2005 and most of these cases resulted in imposition of duty.

TABLE 1: YEAR WISE BREAK UP OF ANTI DUMPING INITIATIONS

YEAR	NO. OF CASES INITIATED
1992	2
1993	0
1994	6
1995	4
1996	7
1997	7
1998	13

1999	23
2000	22
2001	33
2002	31
2003	19
2004	10
2005	11

FIGURE 1 : YEAR WISE BREAK UP OF ANTI DUMPING INITIATIONS

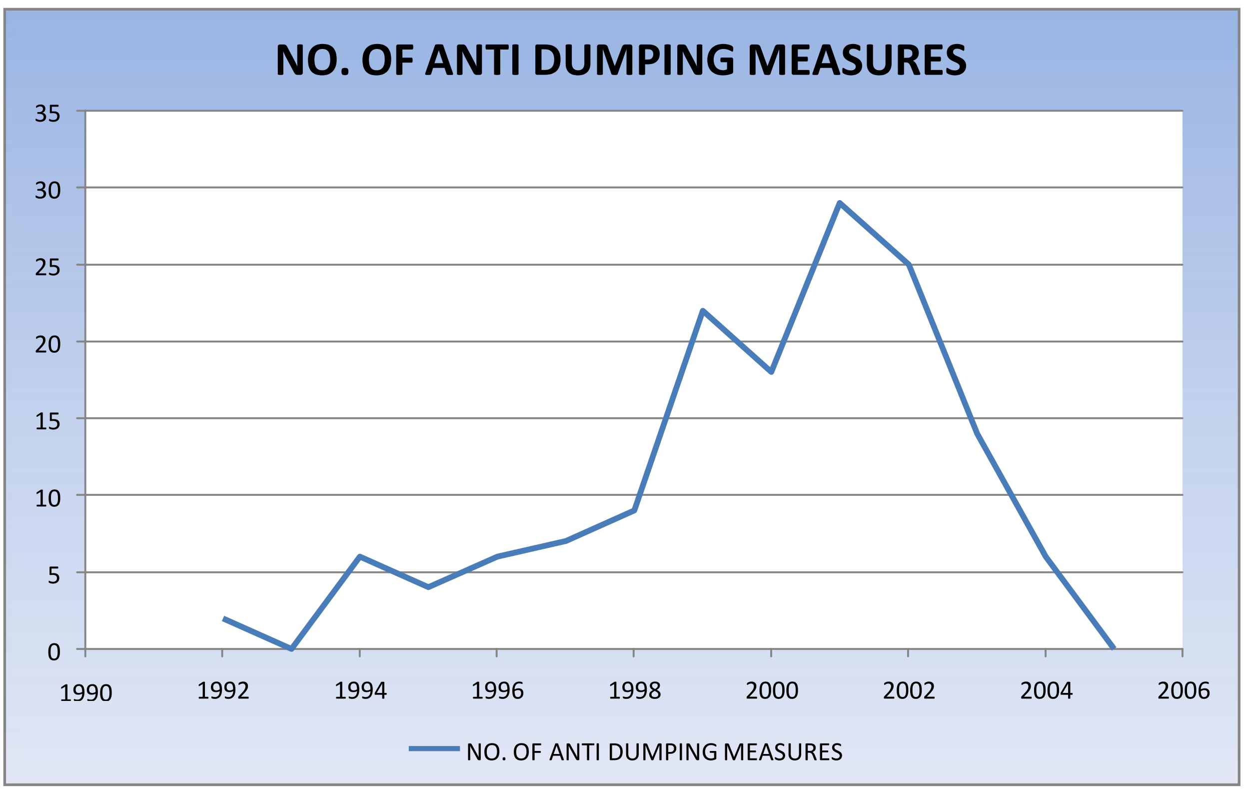


All these cases involved 47 different countries. Among these countries, china tops the list followed by the European Union, Korea and U.S.A.

Product Wise Breakup of Anti Dumping Cases

PRODUCT	CASES
chemicals and petrochemicals	82
pharmaceuticals	29
textiles/fibres	21
steel and other metals	14
consumer goods	15
other products	27
total	188

Source: Directorate General of Anti Dumping and Allied Duties (Annual Report 2005-06).



CASE STUDY

Anti dumping investigation was initiated into the alleged dumping of sports shoes exported from China pr.

Anti dumping duty at the rate of $6.277 per pair on unbranded and low end branded & $18.44 per pair on branded category was recommended on imports from China pr and the same has been imposed on 25.1.2001

INJURY AND CAUSAL LINK

The goods (sports shoes) manufactured by the domestic industry are like article to the goods imported from the subject country. Sports footwear similar to those being imported from China is also being manufactured by the domestic industry (Indian Industry) and are being used interchangeably by the customers in India. Material injury was observed:

- The market share of the domestic industry declined from 74.09% to 57.81% in 1999-2000
- The imports from china increased from 4.68 lakh pairs to 5.7 lakh pairs in 1999-00.
- The profitability of the industry declined from 1999-00.
- The production of the domestic industry declined by 11.24% as compared to 1998-1999

The above economic indicators indicate that the domestic industry suffered material injury from the dumped imports. This has depressed the prices in the domestic market and therefore resulted in decline in profitability and financial losses to the domestic industry.

ECONOMIC JUSTIFICATION FOR DUMPING

Anti dumping laws have been justified on the following economic grounds

1) Predatory pricing- Foreign exporters may follow anti competitive policies and the basic justification for anti dumping is thus to prevent this predatory pricing. Thus duties offset the unfair advantages to foreign exporters who may be charging prices lower than the under the normal market conditions. But if the domestic consumers benefit from the low prices in perfectly competitive markets, the benefits to consumers could outweigh the losses of domestic producers.

2) Strategy industry argument: If anti dumping cases are concentrated in strategic industry then expanding trade gains and improving national welfare is the economic rationale of anti dumping.

3) Optimum tariff: The optimum tariff argument says that a tariff could improve national welfare for a country in international markets. It suggests that if a country has important internal markets then it might force exporters to raise their price by imposing a small tariff and also collect revenue.

RESULT

Imposition of anti dumping measures would therefore not restrict imports from the subject country in any way and therefore would not affect the availability of the product to the consumers.

IMPORTS OF SPORTS SHOES

YEAR	IMPORTS	
	(Value in Rs. Lacs)	GROWTH RATE (%)
1997-1998	116.36	-
1998-1999	728.83	526.37
1999-2000	412.54	-43.4
2000-2001	1074.8	160.53
2001-2002	807.11	-24.91
2002-2003	1143.31	41.66
2003-2004	1464.04	28.05
2004-2005	1509.52	3.11
2005-2006	2097.55	38.95
2006-2007	3495.57	66.65
2007-2008	2623.81	-24.95
2008-2009	2203.2	-16.03
2009-2010	3751.64	70.28

Source: ministry of commerce

Table above shows the imports of shoes and their growth rate before and and after the imposition of anti dumping duty. It is evident that the growth rate after the imposition of anti dumping duty is negative only for one year and for rest of the period it was positive. So anti dumping duty could not restrict imports of sports shoes for a long period of time.

CONCLUSION

The use of anti dumping measures in India has been continuously rising since 1992. Also in most cases resulting in the imposition of the duty. In the cases china tops the list followed by the European Union, Korea and the U.S.A. This case study is from consumer goods industry. Product taken as part of the case study indicates that the anti dumping has been imposed as the domestic industry has suffered material injury from the dumped imports. Predatory pricing is therefore the justification of these duties.

It can be concluded that the imposition of anti dumping measure removes the unfair advantages gained by the dumping practices and prevents the decline of the domestic industry and helps maintain availability of wider choice of the subject goods to the consumers. As observed it is not restricting imports from the subject country that is china in any way and therefore is not affecting the availability of the products to the consumers.

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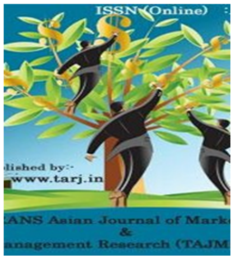

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JOB ATTITUDE AND QUALITY OF WORK LIFE AS A PREDICTOR OF ORGANIZATIONAL COMMITMENT: A STUDY OF MANAGERS

Amjad Ali*; Abu Sufiyan Zilli**

*Post Doctoral Research Associate, Department of Humanities and Social Science, National Institute of Technology, Rourkela, Odisha, INDIA

**Professor & Chairman, Department of Psychology, Aligarh Muslim University,Aligarh, UP, INDIA

ABSTRACT

The present research is an attempt towards making Indian Organizations more effective and helping managers in actualizing their full potential. Managers are the most important assets of the organization as they have to interact with different kinds of people including their subordinates, colleagues, top managements, customers and people at large. Therefore, it can be expected that characteristics of Job Attitudes and Quality of Work Life have influential roles in determining their Organizational Commitment towards the work and the organization as a whole. The present research study was aimed to understand the influence of manager's perception of Job Attitudes and Quality of Work Life on their Organizational Commitment. The study was carried out in different Private and Public organizations/ company located at Delhi and its NCR (National Capital Region). Data were collected from 300 managers through convenience random sampling method. Analysis of the data was done using stepwise multiple regression analysis and t-test. Result revealed that only Quality of Work Life has predicted Organizational Commitment of managers in both Private and Public undertakings. Job Attitudes have not been found influencing Organizational Commitment among both the group of managers. Results further revealed significant difference between managers of Private and Public undertakings on all the measured variables. The findings imply that the organizations in both the sectors need to understand and manage managers' quality of work life and provide them with suitable interpersonal atmosphere to develop positive job attitude so that their level of Organizational Commitment could be enhanced. Results are explained in the light of present scenario in existing private and public undertakings.

KEYWORDS: *Job Attitude, Managers, Organizational Commitment, Quality of Work Life.*

INTRODUCTION

The present research is an attempt towards making Indian Organizations more effective and helping managers in actualizing their full potential. Managers are the most important assets of the organization as they have to interact with their subordinates, colleagues, top managements, customers and people at large. So, their major portion of time is utilized in working with different kinds of people. Therefore, it can be expected that characteristics of Quality of Work Life and Job Attitudes have influential roles in determining their Commitment towards the work and the organization as a whole.

Attitudes are propensities or tendencies to react in a favorable or unfavorable way toward an object. The object could be almost anything in the world around us. Attitudes reflect a person's likes and dislikes toward other persons, objects, events and activities in their environment. Therefore, it makes sense to study and know about attitude because strong attitudes will very likely affect a person's behaviour such as attitudes toward supervision, pay, benefits, promotion or anything that might trigger positive or negative reactions. Thus, employee's satisfaction and attitudes represents one of the key areas for measuring organizational effectiveness.

Job Attitudes can be defined as summary evaluations of psychological objects in the work domain. There are at least three broad categories of Job Attitudes, which have been frequently studied by researchers: task-based attitudes, people-based attitudes, and organization- based attitudes. Tett and Burnett (2003) have suggested that employees interact with three levels of their work environments on a daily basis such as the task level, the social level, and the organizational level.

The term Quality of Work Life appeared only after Davis (1972) presented a paper in a conference at Arden House, US. Thereafter, the phenomenon of Quality of Work Life attracted the attention of psychologists, managers and supervisors for undertaking it as a philosophy or as an approach in designing the strategy for enhancing employees' well-being, attachment and involvement with the organization.

Quality of Work Life is a philosophy, a set of principles, which holds that people are the most important resource in the organization as they are trustworthy, responsible and capable of making valuable contribution to their respective organization, so they should be treated with greater dignity and full respect (Straw et al., 1984). The elements which are relevant to an individual's Quality of Work Life include the task, the physical work environment, social environment within the organization, administrative system and relationship between life on and off the job (Cunningham et al., 1990).

In fact, Quality of Work Life refers to "overall quality of human experiences in the workplace", or in other words, it can be said that Quality of Work Life is the degree of excellence in work and working conditions which contribute to overall satisfaction of individual, thereby, enhancing the organizational effectiveness.

The present study defines QWL as good compensation, favourable conditions and environment, fair capacities of authority, rewarding potential growth and supportive organizational climate. Excellent work environment is seen as nurture to employee's affective commitment.

The concept of Organizational Commitment has grown in popularity in the literature on industrial and organizational psychology (Cohen, 2003). Employees' Organizational Commitment refers to the physical as well as behavioural involvement and attachment with the work and organization.

According to Kanter (1968) Organizational Commitment can be defined as the willingness of workers to devote energy and loyalty to an organization. Kim et al. (1993) enumerated that Organizational Commitment is the employees' loyalty to the employer. Venkatachalam (1997) viewed Organizational Commitment as "talking on the organizational identity". In general, Organizational Commitment is considered as a useful measure of organizational effectiveness (Steers, 1975). In particular, "Organizational Commitment is a "multidimensional construct" (Morrow, 1993) that has the potential to predict organizational outcomes such as performance, turnover, absenteeism, tenure, and organizational goals" (Meyer & Allen, 1997).

Meyer and Allen (1997) developed a framework of commitment on the basis of three components such as affective, continuance and Normative Commitment.

1) Affective Commitment refers to emotional attachment, identification with and involvement of an employee in the organization; i.e. an employee intrinsically desires to continue in the organization.
2) Continuance commitment, which relates to the cost the employee associates with leaving the organization i.e. the employee thinks that it is his or her need to continue working in the organization, and
3) Normative Commitment reflects a feeling of obligation to give back to the organization and an employee high on Normative Commitment would continue because he or she ought to do so.

However, the present study only focuses on overall organizational commitment dimension, and no separate dimensions have been analyzed just to avoid the complexity of research work.

REVIEW OF LITERATURE

A number of studies have been conducted in recent past in the area concern. According to Maume (2006) "Organizational Commitment is typically measured by items tapping respondents' willingness to work hard to improve their companies, the fit between the firm's and the worker's values, reluctance to leave and loyalty toward pride taken in working for their employers", provide a better picture of Organizational Commitment in work settings.

Based on a literature review of Job Attitude research, Herzberg, Mausner and Snyderman (1959) developed a model of job satisfaction, which assumed that job satisfaction and dissatisfaction are not on opposite ends of a continuum, but are separate attitudes. Steers & Porter (1983), Walton (1985) and Miller & Monge (1986) confirm that proponents of job enrichment and quality-of-work-life intervention have cited specific improvements in Job Attitudes, specifically job satisfaction and Organizational Commitment.

Job related attitudes play a major role in shaping the work behaviours of managers in organizations. Lynn et al. (1990) have developed a theoretical model to describe the differential relationship that organizational attitudes such as Organizational Commitment and satisfaction and Job Attitudes like Job involvement and satisfaction have with several behaviour intentions (turnover, absenteeism and performance).

Parker & Bradley (2000) found that the public-private distinction brings important differences not only in organizational structure, diversity of goals and resources but in Job Attitudes and behavioural intentions as well. Sahinidis and Bouris (2008) found the significance correlation between employees' Organizational Commitment, job satisfaction, motivation and their perceived training effectiveness which in turns will improves training outcomes.

An effective Quality of Work Life (QWL) is basically a tool to improve working conditions (an employee's perspective) and greater organizational efficiency (mainly from an employer's perspective). Positive results of QWL have been supported by a number of previous studies, among which is reduced in absenteeism, lower turnover, and improved job satisfaction (Havlovic, 1991; Cohen et al., 1997;). QWL does not only contribute to an organization's ability to recruit quality human capital, nevertheless it also enhances –the organization's competitiveness. Schurman (1998) reviewed employee satisfaction as always an important management goal in job design and human resource policies.

Costello and Sang (1974), reported that majority of job incumbents of publicly owned utility firms were satisfied with security and social needs but, were different in the fulfilment of increase order needs self-esteem, autonomy and self-actualization. Study conducted by Rhillehard et.al (1969) on managers, compared managers working in government agencies with those from business and industries. They found that perceived deficiency in need fulfilment likely to increase successively at lower level which was almost similar to the findings of Jhonson and Marcrum (1968). Their study also revealed that increased dissatisfaction was found among managers of government agencies as compared to managers of business and industries.

Hartenstein and Huddleston (1984) enumerated that for Quality of Work Life measures to be successful, management and labour must have shared values, without such values, managers are often authoritarian and deny workers sense of involvement, responsibility and autonomy, resulting in the workers lack of commitment and low productivity. On the other hand Venkatachalam et. al (1997) found significant positive relationship between Quality of Work Life and Organizational Commitment.

Researches in recent past have mainly focused on controllable external factors influencing Organizational Commitment such as modification of HRM policies and practices (Paul & Anantharaman, 2004), increasing socialization (Mathieu & Zajac, 1990), improving compensation (Mowday et al., 1982; O'Reilly & Chatman, 1986), leadership and interpersonal dynamics (Tu, Raghunathan, & Raghunathan, 2001), and hygiene factors (Balaji, 1985; Khokle, 1998). Very few dispositional characteristics have been tested for their influence on an individual's Organizational Commitment.

In an interesting study Porter et al. (1974) suggested that job satisfaction is changed more readily than Organizational Commitment, and therefore concluded that job satisfaction is also likely to be affected by a successful Quality of Work Life effort.

In one of the significant study Allen and Meyer (1990) tested the aspect of three component (affective, continuance and normative) model of Organizational Commitment that integrates various conceptualizations (affective attachment, perceived cost and obligation). The results revealed that the affective and continuance components of Organizational Commitment are empirically distinguishable constructs with different correlates. The affective and normative components, although distinguishable, appear to be somewhat related. Thus the quality of the workplace is a vital factor in promoting Organizational Commitment. In contrast, good leadership and management may not guarantee committed employees. Samad (2007) found that Committed and satisfied employees are normally high performers and contribute towards organizational productivity.

OBJECTIVES OF THE STUDY

Keeping in view the paramount importance of Job Attitude, Quality of Work Life and Organizational Commitment, the present study is aimed as follows:

- To see the prediction level of Job Attitude and Quality of Work Life on Organizational Commitment among Managers of Private Undertakings,
- To see the prediction level of Job Attitude and Quality of Work Life on Organizational Commitment among Managers of Public Undertakings, and
- To determine the difference between managers of Private and Public Undertakings on Job Attitude, Quality of Work Life and on Affective Commitment.

HYPOTHESES OF THE STUDY

In the light of available literature related to the present study, following hypotheses have been formulated:

H-1: Job Attitude and Quality of Work Life will positively predict Organizational Commitment among Managers of Private Undertakings,

H-2: Job Attitude and Quality of Work Life will positively predict Organizational Commitment among Managers of Public Undertakings, and

H-3: Managerial personnel of private and public undertakings will differ with each other on Job Attitude Quality of Work Life and on Organizational Commitment dimensions.

METHODOLOGYPARTICIPANTS

The sample of present research consists of a total of (N=300) Managers, 150 each from private and public undertakings. All the respondents were randomly selected from different parts of Delhi and its NCR (National Capital Region). The age of the sample ranges from 30 to 55 years. The data was collected from following private and public undertakings, Reliance, Airtel, Idea, Kingfisher, Britannia, Ultratech, Hero Honda, DLF, TMT, Maruti Suzuki, CMS, UTI Mutual Fund, Barclays Bank, Ottogon, Religare and MTNL, BSNL, NDPL, BHEL, GAIL, BRT, DDA, LIC, SBI, Allahabad Bank and IDBI Bank etc. The methodology of the study was planned systematically keeping in view its lofty objectives.

INSTRUMENTS

JOB ATTITUDE SCALE: The Job Attitude scale was developed by Srivastava (1999). This scale comprises 15 true-keyed items. The 14 items of this scale was rated on four-point rating scale i.e., absolutely true, Almost true, partially true, and False where as the final item i.e. 15

item of this scale was rated on 5-point scale i.e. Always, Quite often, Sometimes, Seldom, and Never. The reliability of this scale was found to be r=.79.

QUALITY OF WORK LIFE SCALE: This scale was developed by Shawkat and Ansari (2001) which assesses numerous dimensions of Quality of Work Life. This scale contains 48 items and rated on 5 point likert type rating scale ranging from strongly disagree to strongly agree with the score 48-240. The reliability and validity of the scale was found to be r=.70 and r=.89 respectively.

ORGANIZATIONAL COMMITMENT SCALE: The Organizational Commitment scale was developed by Shawkat and Ansari (2001). This scale contains 15 items and rated on 7 point rating scale ranging from strongly disagree to strongly agree with the score 15-105. The reliability and validity of the scale was found to be r=.80 and r=.76 respectively.

The analysis of the data was done by using stepwise multiple regression analysis and t-test respectively.

RESULTS AND DISCUSSION

RESULTS OBTAINED BY REGRESSION ANALYSIS

Table 1.1a and 1.1b: Job Attitude and Quality of Work Life as a predictor of Overall Organizational Commitment among Managers of Private Undertakings.

TABLE 1.1A: MODEL SUMMARY OF REGRESSION ANALYSIS

Model	R	R square	Adjusted R Square	Change Statistics	
				R Square Change	F Change
1	.316a	.100	.094	.100	16.475

Predictor (constant): Quality of Work Life.

Table 1.1a shows the model summary indicating only one predictor of the model. Multiple correlation (R) was found to be .316 for Quality of Work Life. Further R square which represents the contribution of predictor variables to the criterion variable was found to be .100. Another considerable aspect is R square change, which is the actual contribution of predictor variables to the criterion variable which was found to be .100. It means that Quality of Work Life contributed 10.0% to the dependent variable (Overall Organizational Commitment).

TABLE 1.1B: COEFFICIENT

		Unstandardized Coefficient	Standardized Coefficient			Correlati on

Model		B	Std. Error	Beta	t	Sig.	partial
1	(Constant)	53.394	4.214		12.671	.000	
	Quality of Work Life	.100	.025	.316	4.059	.000	.316

Criterion Variable: Overall Organizational Commitment.

Table 1.1b depicts that only Quality of Work Life influences overall Organizational Commitment of managers of private undertakings. The statistical value given in the table indicates t=4.059 for Quality of Work Life which was significant beyond .01 level. The correlation (partial) was found to be r=.316 for Quality of Work Life which shows that there is positive correlation between Quality of Work Life and Overall Organizational Commitment. Since, t-value of Quality of Work Life was found significant which means that Quality of Work Life positively influence the level of Overall Organizational Commitment among Managers of Private Undertakings. Thus, it partially proves the first hypotheses (H-1) of the present research that "Job Attitude and Quality of Work Life will positively predict Organizational Commitment among Managers of Private Undertakings".

Table 1.2a and 1.2b: Job Attitude and Quality of Work Life as a predictor of Overall Organizational Commitment among Managers of Public Undertakings.

TABLE 1.2 A: MODEL SUMMARY OF REGRESSION ANALYSIS

Model	R	R square	Adjusted R Square	Change Statistics	
				R Square Change	F Change
1	.330a	.109	.103	.109	18.076

a. Predictor : (constant), Quality of Work Life.

Table 1.2a shows the model summary indicating only one predictor of the model. Multiple correlation (R) was found to be .330 for Quality of Work Life. Further R square which represents the contribution of predictor variables to the criterion variable was found to be .109. Another considerable aspect is R square change, which is the actual contribution of predictor variables to the criterion variable which was found to be .109. It means that Quality of Work Life contributed 10.9% to the dependent variable (Overall Organizational Commitment).

TABLE 1.2 B: COEFFICIENT

		Unstandardized Coefficient	Standardized Coefficient			Correlation (partial)

Model		B	Std. Error	Beta	t	Sig.	
1	(Constant)	30.137	6.161		4.891	.000	
	Quality	.184	.043	.330	4.025	.000	.333

Criterion variable: Overall Organizational Commitment.

Table 1.2b clearly depicts that only Quality of Work Life influences Overall Organizational Commitment of Managers of Public Undertakings. The statistical value given in the table indicates t=4.025 for Quality of Work Life which was significant beyond .01 level. The correlation (partial) was found to be r=.333 for Quality of Work Life which shows that there is positive correlation between Quality of Work Life and Overall Organizational Commitment. Since, t-value of Quality of Work Life was found significant it can be said that Quality of Work Life positively influence the level of Overall Organizational Commitment among Managers of Public Undertakings. Thus, it partially proves the second hypotheses (H-2) of the present research that "Job Attitude and Quality of Work Life will positively predict Organizational Commitment among Managers of Public Undertakings".

RESULTS OBTAINED BY T-TEST

Table 1.3 : Means, SDs and t-values of managers of private and public undertakings on Qualityof Work Life, Ego-Strength and Organizational Commitment.

Variable	Group	N	Mean	SD	t- value (df=298)
Job Attitude	Private	150	36.67	8.43	11.95*
	Public	150	26.80	5.57	
Quality of Work Life	Private	150	169.11	24.64	10.85
	Public	150	141.39	19.29	
Overall Organizationa lCommitment	Private	150	70.32	7.79	13.13
	Public	150	56.09	10.73	

*Significant at 0.01 level.

The mean and SD in the case of managers of private undertakings for Job Attitude dimension were found to be 36.67 and 8.43 while in the case of managers of public undertakings the mean and SD were found to be 26.80 and 5.57 respectively. The t-value between two means was found to be 11.95 which was significant at 0.01 level. Similarly, the mean and SD in the case of managers of private undertakings for Quality of Work Life dimension were found to be 169.11 and 24.64 while in the case of managers of public undertakings the mean and SD were found to be 141.39 and 19.29 respectively. The t-value between the two means was found to be 10.85 which were significant at 0.01 level.

Furthermore, the mean and SD in the case of managers of private undertakings on Overall Organizational Commitment dimension were found to be 70.32 and 7.79 while in the case of managers of public undertakings the mean and SD were found to be 56.09 and 10.73 respectively the t-value between the two means was found to be 13.13 which was significant at 0.01 level. Thus, it proves the last hypothesis i.e., (H-3) of the present study that “Managerial Personnel of private and public undertakings will differ with each other on Job Attitude, Quality of Work Life and on Organizational Commitment dimensions”.

CONCLUSIONS AND SUGGESTIONS

In the present research, many new areas along with the old had been explored. So, in the present investigation the researcher will discuss the results in the light of previous empirical findings and in the case of relational and comparative results hardly any guidelines has been followed just because of the absence of empirical evidences in this regards.

Job related attitudes play a major role in shaping the work behaviours of Managers in organizations. Lynn et al. (1990) have developed a theoretical model to describe the differential relationship between organizational attitudes such as Organizational Commitment and satisfaction and Job Attitudes like Job involvement and satisfaction. Earlier study conducted by Parker & Bradley (2000) viewed that the Public-Private distinction brings important differences not only in organizational structure, diversity of goals and resources but also in Job Attitudes and behavioural intentions as well.

Quality of Work Life is a multidimensional construct usually referring to overall satisfaction with work life and with work/life balance, a sense of belonging to a working group, a sense of becoming oneself, and a sense of being worthy and respectable. Research conducted by Finegold et al. (2002) revealed that construct of Quality of Work Life has positive impact on employee commitment. Donaldson, et al. (1999) also revealed that Quality of Work Life factors significantly predicted Organizational Commitment, absenteeism, and tardiness and suggested to consider the value of improving the system of work in which employees are embedded as part of comprehensive work. Robert (1998) explained that Quality of Work Life plays a pivotal role in enhancing the commitment of employees which leads to organizational development.

On the other hand Rhinehard et al. (1969) and Johnson and Marcrum (1968) simultaneously revealed that increased dissatisfaction was found among Managers of Public Undertakings as compared to the Managers of Private Undertakings. In the same manner Dhillon and Dandona (1988) found significant difference between Managers of Private and Public banks on Quality of Work Life dimensions.

In the same vein Boyane (2002) found that Public organizations are more bureaucratic, materialistic and have weaker Organizational Commitment as compared to Private organizations. On the other hand Samad (2007) found that Committed and satisfied employees are normally high performers and contribute towards organizational productivity.

Finally, it can be concluded that in the present scenario different types of industrial set ups are growing up rapidly, which have different structures, organizational culture and climate providing different types of services. In such a scenario managers and workforce working in these industries differ from each other in a host of ways. Hence, they should be studied and compared separately on different variables taking greater sample size of the study.

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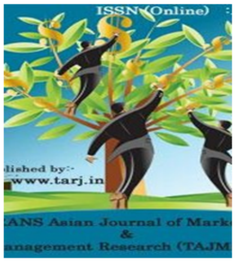

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A STUDY ON THE VOLATILITY AND SEASONALITY OF THE INDIAN STOCK MARKET

Dr. Niti Goyal*

*Assistant Professor, National Institute of Technology,
Kurukshetra, INDIA

ABSTRACT

This article aims at studying the stock price behavior & modeling the volatility of theIndian Stock Market using S&P CNX Nifty to proxy the Indian Stock Market over the twelve years period starting from October 1st, 2000- September 30th, 2012. The return series exhibit heteroskedasticity, volatility clustering & has fat tails and also Indian markets react differently to different news i.e. there are asymmetries involatility. We also attempted to find the behavior of return and risk on Monday since Monday spans three days in between. No significant increase in return has been reported on Monday by both symmetric & asymmetric GARCH class models but the asymmetric model reported an increase in volatility on Monday which is statistically significant. Models reported in the article to capture volatility can be extended to forecast the volatility as investment decisions are based on the volatility.

KEYWORDS: *Volatility; GARCH; EGARCH; Seasonality.*

INTRODUCTION

Volatility is a key parameter used in many financial applications, from derivatives valuation to asset management and risk management. Volatility refers to the ups and downs in the stock prices. Volatility in the stock return is an integral part of stock market with the alternating bull and bear phases. Without volatility superior returns cannot be earned. However, too much volatility is considered as a symptom of an inefficient stock market. Higher the volatility, higher the risk. Volatility of returns in financial markets can be a major stumbling block for attracting investment in small developing economies. It has an impact on business investment spending and economic growth through a number of channels. Moderate returns, high liquidity & low level of volatility are considered as a symptoms of a developed markets. Low volatility is preferred as it reduces unnecessary risk borne by investors thus enables market traders to liquidate their assets without large price movements.

The rise and the fall in share prices are linked to a number of reasons such as political climate, economic cycle, economic growth, international trends, budget, general business conditions, company profits, product demand etc. Investment decisions are governed significantly by this volatility apart from other interdependent factors like price, volume traded, stock liquidity, among many others.

Volatility estimation is important for several reasons: Investment decisions, as characterized by asset pricing models, strongly depend on the assessment of future returns and risk of various assets. The pricing of options is based on expected volatility of a security. Various linear and nonlinear methods by which volatility can be modeled have been developed in the literature and extensively applied in practice to describe the stock return volatility.

The distribution of financial time series shows certain characteristics such as:

1) Leptokurtosis: i.e. fat tails as compared to normal distribution.
2) Volatility clustering: Statistically, volatility clustering implies a strong autocorrelation in returns. Large changes tend to be followed by large changes and small changes tend to be followed by small changes
3) Heteroskedasticity: i.e. non constant variance.

Economic time series have been found to exhibit periods of unusually large volatility followed by periods of relative tranquility (Engle, 1982). In such circumstances, the assumption of constant variance (homoskedasticity) is inappropriate (Nelson, 1991).

This requires models that are capable of dealing with the volatility of the market (and the series). One of the most prominent tools for capturing such changing variance was the Autoregressive Conditional Heteroskedasticity (ARCH) and Generalized ARCH (GARCH) models developed by Engle (1982), and Bollerslev (1986) respectively.

Following the introduction of models of ARCH by Engle (1982) and their generalization by Bollerslev (1986), there have been numerous refinements of the approach to modelling conditional volatility to better capture the stylized characteristics of the data. The GARCH (1, 1) is often considered by most investigators to be an excellent model for estimating conditional volatility for a wide range of financial data (Bollerslev, Ray and Kenneth, 1992).

However, there are some features of the financial time series data which cannot be captured by symmetric ARCH and GARCH models. The most interesting feature not addressed by these models is the "leverage effect" where the conditional variance tends to respond asymmetrically to positive and negative shocks in returns.

These asymmetric effects are captured by models such as the Exponential GARCH (EGARCH) of Nelson (1991), the so-called GJR model of Glosten, Jagannathan, and Runkle (1993). Asymmetric effects were discovered by Black (1976) and confirmed by the findings of French, Schwert, and Stambaugh (1987); Schwert (1990); and Nelson (1991), among others.

This so called Leverage Effect appears firstly in Black (1976), who noted that: ``a drop in the value of the firm will cause a negative return on its stock, and will usually increase the leverage of the stock which ill cause a rise in the debt-equity ratio which will surely mean a rise in the volatility of the stock".

A very simple but plausible explanation for the leverage effect: Negative returns imply a larger proportion of debt through a reduced market value of the firm, which leads to a higher volatility. The risk, i.e. the volatility reacts first to larger changes of the market value; nevertheless it is empirically shown that there is a high volatility after smaller changes. On the other hand, Black said nothing about the effect of positive returns on the volatility. Although the positive returns cause smaller increases, they do cause an increase in the volatility.

The characteristics of the Nifty return series are consistent with the above characteristics of financial time series.

The aim of this article is to model the volatility of Indian stock Market It also aims at finding out the day of the day of the week effect(Monday effect) present in the market. Since Monday spans 2 days in between as stock markets are closed on Saturdays and Sundays, Monday might report higher volatility. The day of the week effect implies that the stocks return is not independent of the day of the week in which they are generated.

REVIEW OF LITERATURE

Much of the literature is present on modeling the volatility of the developed markets but no sufficient literature is available on modeling the volatility of the emerging economies. However, recently few studies have been made on the modelling the stock market volatility of Indian market but most of the studies are limited to modeling the symmetries of the market.

Berument Hakan and Kiymaz Halo(2001) tested the presence of the day of the week effect on stock market volatility by using the S&P 500 market index during the period of January 1973 and October 1997 and found that the day of the week effect is present in both volatility and return equations. The highest and lowest returns have been observed on Wednesday and Monday& the highest and the lowest volatility have been observed on Friday and Wednesday respectively. They also observed statistically different volatility pattern across the days of the week.

Madhusudan Karmakar (2003), explained the heteroskedastic behavior of the Indian stock market using 'vanilla' GARCH (1, 1) model for a period of about 24 years from January 1980 to June 2003.

Madhusudan Karmakar (2005), estimated conditional volatility models in an effort to capture the salient features of stock market volatility in India and evaluated them in terms of out-of sample forecast accuracy. The paper also investigated whether there is any leverage effect in Indian stock market. The results reported the presence of leverage effect but which model can best capture the leverage effect has been left for further research.

Rousan Raya, AL-Khouri, Ritab (2005), attempted to investigate the volatility of the Jordanian emerging stock market using daily observations from Amman Stock Exchange Composite Index (ASE) for the period from January 1, 1992 through December 31, 2004. The nature of the time series suggested ARCH and GARCH models as the best to capture the characteristics of ASE. Also no asymmetry was found in the returns and hence, both good and bad news of the same magnitude have the same impact on the volatility level. Moreover, the volatility persists in the market for a long period of time, which makes ASE market inefficient; therefore, returns can be easily predicted and forecasted.

Alberg et al. (2006) estimated stock market volatility of Tel Aviv Stock Exchange indices, for the period 1992-2005, using asymmetric GARCH models. They reported that the EGARCH model is most successful in forecasting the TASE indices.

Banerjee Ashok & Sahadeb Sarkar (2006), attempted to model the volatility in the daily return in the Indian stock market. They found that the Indian stock market experience volatility clustering and hence GARCH-type models predict the market volatility better than simple volatility models, like historical average, moving average etc. They also observed that the asymmetric GARCH models provide better fit than the symmetric GARCH model, confirming the presence of leverage effect. They also found that the change in volume of trade in the market directly affects the volatility of asset returns & the presence of FII in the Indian stock market does not appear to increase the overall market volatility.

Bhaskkar Sinha(2006) in an attempt to model stock market volatility of Indian markets and to capture the asymmetric effects found EGARCH model best for modeling volatility clustering and persistence of shock at BSE sensex and GJR-GARCH for NSE nifty.

Rosa María ; Lourdes Sales & Alejandro Rodríguez Caro(2006) analysed the existence of the day of the week effect on the major European stock markets by means of GARCH and T-ARCH models. They observed the presence of the day of the week effect in the volatility of major European stock markets, using symmetric and asymmetric models.

Caiado, Jorge (2007),modelled the volatility for daily and weekly returns of the Portuguese Stock Index PSI-20 by using simple GARCH, GARCH-M, Exponential GARCH (EGARCH) and Threshold ARCH (TARCH) models & found that there are significant asymmetric shocks to volatility in the daily stock returns, but not in the weekly stock returns. They also found that some weekly returns time series properties were substantially different from properties of daily returns, and the persistence in conditional volatility is different for some of the sub-periods referred. Finally, they compared the forecasting performance of the various volatility models in the sample periods before and after the terrorist attack on September 11, 2001 Jordaan, Grové, Jooste A & Z G Alemu(2007), modelled the volatility of daily spot prices of the crops traded on the South African Futures Exchange (yellow maize, white maize, wheat, sunflower seed and soybeans). The volatility in the prices of white maize, yellow maize and sunflower seed have been found to vary over time, suggesting the use of the GARCH approach in these cases. The volatility in the prices of wheat and soybeans was found to be constant over time; hence the standard error of the ARIMA process was used.

Karmakar Madhusudan(2007) investigated the heteroscedastic behaviour of the Indian stock market through market index S&P CNX Nifty for 14.5 years from July 1990 to December 2004 using different GARCH models. First, the standard GARCH approach has been used to investigate whether stock return volatility changes over time and if so, whether it is predictable. Then, the EGARCH models were applied to investigate whether there is asymmetric volatility. Finally, (E) GARCH in the mean extension had been used to examine the relation between market risk and expected return.The study reports an evidence of time varying volatility which exhibits clustering, high persistence and predictability. It is found that the volatility is an asymmetric function of past innovation, rising proportionately more during market decline. It is also evidenced that return is not significantly related to risk.

Rajni Mala & Mahendra Reddy(2007) modeled the stock market volatility of Fiji‟s stock market, an emerging economy using ARCH/GARCH techniques for a period of 5 years from 2001-2005.

Marta Casas & Cepeda Edilberto(2008), explained the ARCH, GARCH, and EGARCH models and the estimation of their parameters using maximum likelihood. The study concluded based on AIC & BIC criterion that GARCH (1,2) best explains the performance of stock prices and EGARCH (2,1) best explains the returns series.

Khedhiri Sami, Muhammad Naeem (2008) investigated the volatility characteristics of the UAE stock markets measured by fat tail, volatility clustering, and leverage effects, in order to explorea parsimonious model for the UAE stock market and predict its future performance. He used EGAECH, TGARCH and other class of ARCH techniques to model the volatility.

Surya Bahadur G.C. (2008) modeled the volatility of the Nepalese stock market using daily returns from July 2003 to Feb 2009 and different classes of estimators and volatility models. The empirical findings did not report any significant asymmetry in the returns and thus suggests GARCH (1,1) model as most appropriate for modeling the heteroskedasticity and volatility clustering in the Nepalese stock market . It also reported high persistence of volatility in the Nepalese stock market.

Floros Christos (2008), employed the simple GARCH model, as well as exponential GARCH, threshold GARCH, asymmetric component GARCH, the component GARCH and the power GARCH model using daily data from Egypt (CMA General index) and Israel (TASE-100) index to model the stock market volatility and concluded that increased risk will not necessarily lead toa rise in the returns. The most volatile series is CMA index from Egypt, because of the uncertainty in prices (and economy) over the examined period.

Yalama Abdullah & Guven Sevil (2008) attempted to forecast world‟s stock market volatility by employing seven different GARCH class models to forecast in-sample of daily stock market volatility in 10 different countries. The results of the study emphasized that the class of asymmetric volatility models perform better in forecasting stock market volatility than the historical models.

Hakim Ali Kanasro, Chandan Lal Rohra, Mumtaz Ali Junejo (2009), examined the presence of volatility at the Karachi Stock Exchange (KSE) by analyzing two Indexes namely;„KSE-100 Index‟ and „All shares index through the use GARCH family models introduced by Engle (1982), Bollerslev (1986) and Nelson (1991). The empirical results confirmed the presence of high volatility at Karachi Stock Exchange throughout the study period.

K.N Badhani (2009) analysed the closing values of S&P 500 index and S&P CNX Nifty fromJan 1996 to Sept. 2008 in order to find out the impact of return & volatility in US on Indian stock market using AR (1)-TGARCH (1, 1) process. Among other objectives, the study aimed at finding out whether the Indian stock market reacts differently towards positive and negative shocks from the US market, He concluded that the returns in the Indian stock market are more sensitive to negative shocks in the US market rather than the positive shocks.

Marius Matei (2009) evaluated the main forecasting techniques with the motive to offer support for the rationale behind of the idea: GARCH is the most appropriate model to use when one has to evaluate the volatility of the returns of groups of stocks with large amounts (thousands) of observations. The appropriateness of the model was seen through a unidirectional perspective of the quality of volatility forecast provided by GARCH when compared to any other alternative model, without considering any cost component.

Hojatallah Goudarzi & C. S. Ramanarayanan (2010) examined the volatility of the Indian stock markets and its related stylized facts using ARCH models. The BSE500 stock index was used to study the volatility in the Indian stock market over a 10 years period. Two commonly used symmetric volatility models, ARCH and GARCH were estimated and the fitted model of the data, selected using the model selection criterion such as SBIC and AIC. The adequacy of selected model was tested using ARCH-LM test and LB statistics. The study concluded that GARCH (1, 1) model explains volatility of the Indian stock markets and its stylized facts including volatility clustering, fat tails and mean reverting satisfactorily.

Majority of studies on modeling volatility have found non- linear models such as ARCH & GARCH as the best. The return series exhibit all the characteristics of financial time series data appropriate for using GARCH class models. Most of the studies on modeling volatility related to Indian markets have found GARCH (1, 1) model as the best to capture the symmetric effects. Indian markets show leverage effects which can be captured using asymmetric models. Volatility persistence has also been found in the emerging economies by the studies under consideration.

RESEARCH METHODOLOGY

Traditionally volatility modeling techniques were based on the assumption of homoskedasticity and were not able to capture the changing variance i.e. heteroskedasticity found in the returns. So more sophisticated models needed to be developed to capture such effects and leave the errors white noise. Thus non linear models such as ARCH/GARCH were developed to capture the features of the financial time series.

The following GARCH techniques to capture the volatility have been used:GARCH (1, 1)

The GARCH specification, firstly proposed by Bollerslev (1986), formulates the serial dependence of volatility and incorporates the past observations into the future volatility (Bollerslev et al. (1994)

$$\sigma_t^2 = \alpha_0 + \alpha_1 \varepsilon_{t-1}^2 + \beta_1 \sigma_{t-1}^2$$

News about volatility from the previous period can be measured as the lag of the squared residual from the mean equation (ARCH term). Also, the estimate of β shows the persistence of volatility to a shock or, alternatively, the impact of old news on volatility.

EGARCH (1, 1):

Proposed by Nelson (1991) & is given by the following equation:

$$\ln(\sigma_t^2) = \alpha_0 + \alpha_1 ln(\sigma_{t-1}^2\ \ ) + \beta_1 \left|\frac{u_{t-1}}{\sigma_{t-1}}\right| + \gamma \frac{u_{t-1}}{\sigma_{t-1}}$$

The logarithmic form of the conditional variance implies that the leverage effect is exponential (so the variance is non-negative). The leverage effect is denoted by γ and is present if γ is significantly negative.

To capture the anomalies of the stock market i.e to see if risk and return are high on Monday as compared to other days of the week , we have used the dummy variable in both mean & variance equation .

DATA & PRELIMINARY STATISTICS

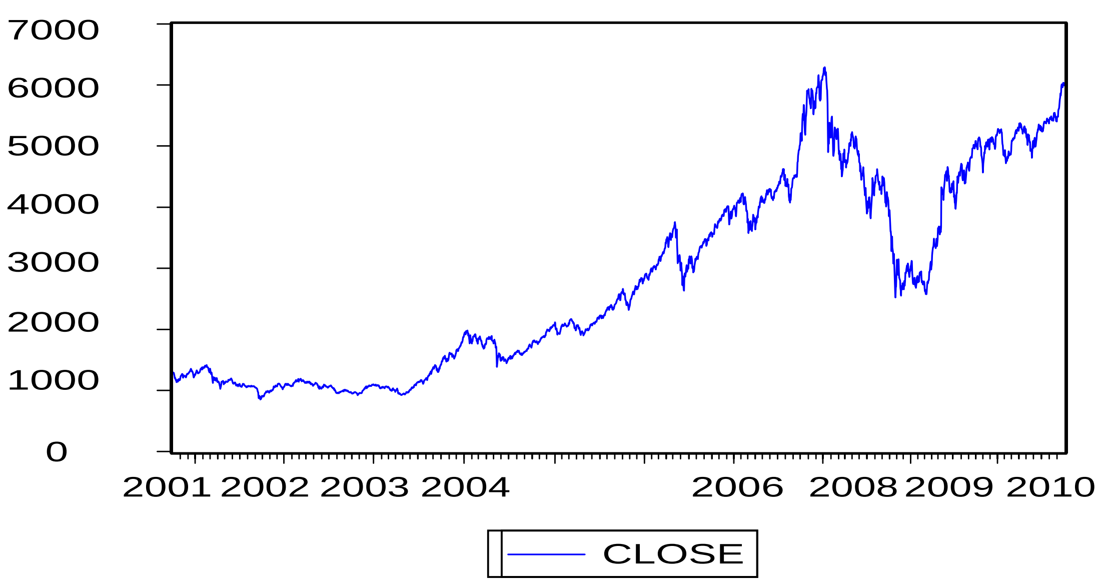
To model the volatility of the Indian stock Market, we have used daily closing prices of the most popular stock index i.e. S&P CNX Nifty as proxy to the Indian stock market. The data ranges fora period of twelve years starting from October 1st, 2000 to September 30th, 2012. The data has been collected from the official website of NSE of India i.e. www.nseindia.com and has been analysed using Eviews 5 software.

ANALYSIS OF DATA

Table 1 provides the descriptive statistics of the return series. Fig. 1 and fig. 2 are graphs of the non stationary and stationary return series. Table 2 reports the consolidated results of the symmetric GARCH (p, q) class models . Table 3 & 4 represent the results of the day of the week effect on return and risk using GARCH (1, 1) and EGARCH (2, 2) models respectively.

The Graph of the closing price series is shown in fig 1 below. The graph of the series do not show a constant mean and thus reports non stationarity of the data.

FIG.1



To make the series stationary, daily logarithmic returns have been calculated from the closing price series as follows:

$$r_t = \log(p_t - p_{t-1})$$

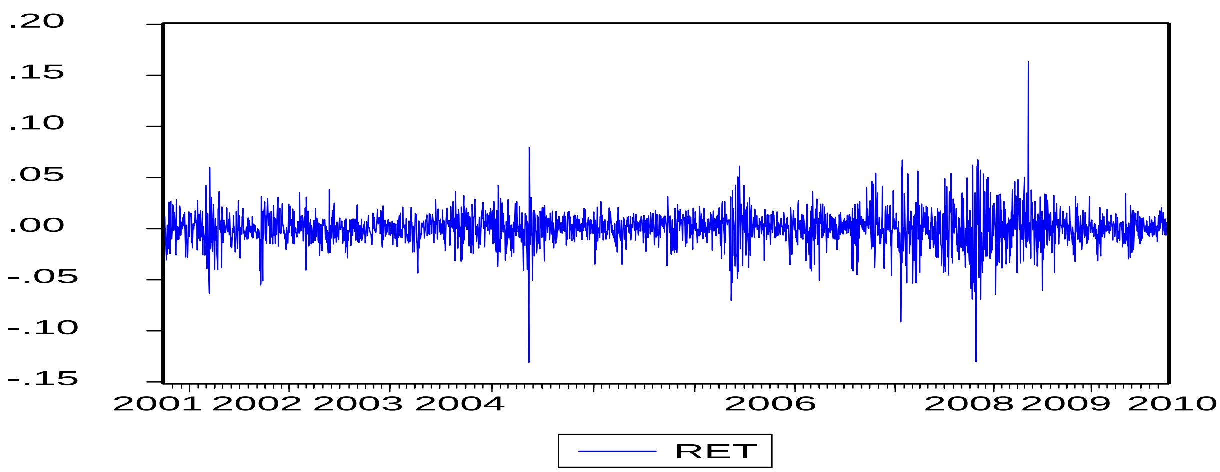
Where

r_t = continuously compounded logarithmic returnp_t =daily closing value of index at day t and

p_{t-1} =closing value of index at day t-1

Thus, the closing value of the index is converted into continuously compounded daily logarithmic return series. Logarithmic returns are calculated since it improves the statistical properties of the data.

Graph of the return series: fig 2



The stationarity of the series can also be confirmed using the Augmented Dickey Test statistic assuming H_o of non stationarity.

The result of the ADF Test is as follows:

Lag Length: 1 (Automatic based on SIC, MAXLAG=26)

		t-Statistic	Prob.*
Augmented Dickey-Fuller test statistic		-36.16014	0.0000
Test critical values:	1% level	-3.432778	
	5% level	-2.862499	
	10% level	-2.567325	

*MacKinnon (1996) one-sided p-values.

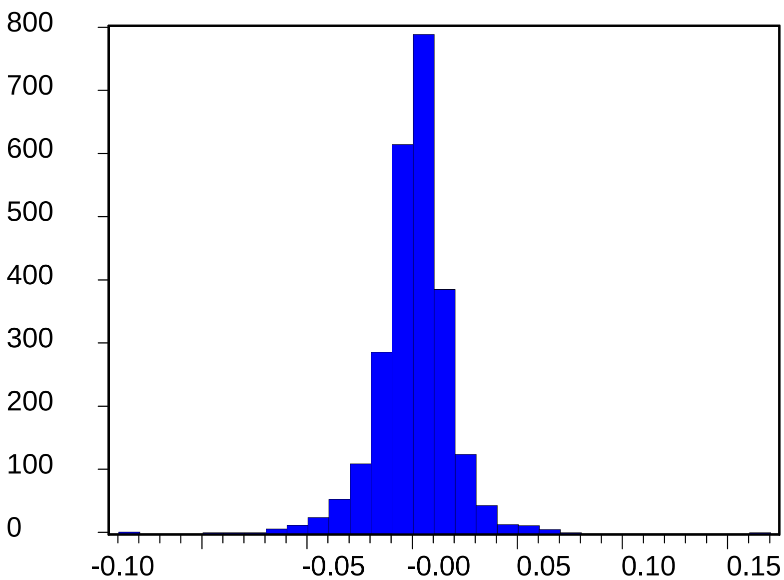
The low p value of the t statistic calls for rejecting the null hypothesis of unit root and accepting the alternate of stationarity.

The graph of the return series is shown in fig 2 above which shows a constant mean which represents stationarity of the data. The series has a non constant variance i.e. heteroskedasticity, which is the typical feature of the time series data. Also volatility clustering in the returns can also be easily seen. If we look at the fig. 2 above, we can easily see that the large changes tend to be followed by large changes and small changes tend to be followed by small changes, which mean that volatility is clustering and the series vary around the constant mean but the variance is changing with time. Thus the return series follow the characteristics of the time series data i.e. heteroskedasticity, leptokurtosis & volatility clustering which means linear model will not be able to capture the volatility of the series therefore non linear models such as ARCH/GARCH need to be used for modelling the volatility of the Indian stock market.

DESCRIPTIVE STATISTICS

Table 1 gives the descriptive statistics of the return series.

TABLE1



Series: RET	
Sample 10/03/2000 9/30/2010	
Observations 2496	
Mean	0.000620
Median	0.001468
Maximum	0.163343
Minimum	-0.130539
Std. Dev.	0.016936
Skewness	-0.298641
Kurtosis	11.17598
Jarque-Bera	6989.155
Probability	0.000000

A return of series is around 0.06% with a standard deviation of 1.73% which indicate large variability in the returns. There is also a lot of variation between the maximum & the minimum return values.

The skewness of the series is negative which means that there is more probability of earning a negative return and also is indicative of the presence of asymmetries in the returns. The kurtosis of the series is greater than 3, which means that the return series is fat tailed & does not follow a normal distribution which is further confirmed by Jarque Bera Test statistic.

MODELLING THE MEAN

Using Box Jenkins methodology, ARMA (1, 1) model has been used to model the conditional mean equation

The residuals of the equation when tested using LJUNG BOX Q Statistic showed no correlation but the squared residuals showed high degree of significant correlation.

The residuals were further tested for ARCH effects using ARCH LM Test. The F statistic reported by ARCH LM Test is significant and thus rejects the null hypothesis of no heteroskedasticity, necessitating the use of non linear models for capturing the volatility.

ARCH LM test at lag 1

F-statistic	127.2447	Prob. F(1,2492)	0.000000
Obs*R-squared	121.1602	Prob. Chi-Square(1)	0.000000

MODELING THE CONDITIONAL VARIANCE

After identifying the ARCH effect in the spot return of all series, different GARCH (p, q) class models for p € [1,2] and q € [1,2] is tested. We also tested EGARCH (p, q) models for p € [1,2] and q € [1,2]. The best modeled is selected using the Akaike Information Criterion (AIC).

The results of GARCH (p, q) models have been reported in table 4 below. GARCH (1, 1) model is the best fitted model having the lowest AIC value. The value of GARCH coefficient is approx 83% which implies long persistence of shock on volatility.

TABLE 2: RESULTS FROM GARCH (P=1, 2 AND Q=1, 2) MODEL ON NIFTYRETURNS

Variable	GARCH(1,1)	GARCH(1,2)	GARCH(2,1)	GARCH(2,2)
Intercept	7.19E-06	7.03E-06	7.27E-06	1.37E-05
ARCH 1	0.145284	0.141656	0.142316	0.136988
ARCH 2	----	------	0.004442*	0.137990
GARCH 1	0.832073	0.867482	0.830382	-0.029759*
GARCH 2	----	-0.031202*	------	0.711812
AIC	-5.693450	-5.692655	-5.692654	-5.671102

*implies insignificance of coefficients at 5%

MODELING THE ASYMMETRIES

The limitation of symmetric models is that they variance is not affected by the sign of the past error terms. But it has been found that markets become more volatile on receiving a bad news as compared to good news.

Indian markets have been found to react differently to good and bad news as the asymmetric factor in the EGARCH model is negatively significant in all the EGARCH class models used in our analysis. Amongst the EGARCH (p, q) class models EGARCH (2,2) model has been found to be the best with least AIC value. Table 5 reports the consolidated results of various EGARCH class models used.

TABLE 3: RESULTS FROM EGARCH (P=1, 2 AND Q=1, 2) MODEL ON NIFTY RETURNS

Variable	EGARCH(1,1)	EGARCH(1,2)	EGARCH(2,1)	EGARCH(2,2)
Intercept	-0.607868	-0.628158	-0.671068	-0.867151
ARCH 1	0.262832	0.273711	0.193349	0.194589
ARCH 2	----	------	0.086973*	0.185600
GARCH 1	0.952756	0.890175	0.946932	0.527393
GARCH 2	----	0.061203*	------	0.405725
Asymmetric term	-0.118851	-0.124376	0.946932	-0.172420
AIC	-5.707514	-5.706796	-5.707624	-5.708345

MODELLING THE SEASONALITIES

The day of the week effect implies that the stocks returns are not independent of the day of the week in which they are generated. Since Monday spans two days in between as stock markets are closed on Saturdays and Sundays, Monday might report higher volatility. Table 6 & 7 report the Monday effect on risk and return using GARCH (1,1) and EGARCH(2,2) respectively.

Dummy variable used in the mean equation and the variance equation in GARCH(1,1) is positive but is insignificant indicating no increase in return and risk on Monday but the coefficient of dummy variable in the variance equation in EGARCH(2,2) model is significant and positive indicating increase in volatility on Monday.

TABLE 4: MONDAY EFFECT ON RETURN & RISK USING GARCH (1,1)

	Coefficient	Std. Error	z-Statistic	Prob.
C	0.001416	0.000276	5.124850	0.0000
DUMMYMON	0.000253	0.000568	0.444356	0.6568
AR(1)	-0.365140	0.180396	-2.024105	0.0430
MA(1)	0.449165	0.173140	2.594229	0.0095
		Variance Equation		
C	5.37E-06	2.94E-06	1.828966	0.0674
RESID(-1)^2	0.145382	0.017267	8.419614	0.0000
GARCH(-1)	0.831661	0.017848	46.59676	0.0000
DUMMYMON	9.43E-06	1.37E-05	0.690366	0.4900

TABLE 5: MONDAY EFFECT ON RETURN & RISK IN EGARCH (2,2)

	Coefficient	Std. Error	z-Statistic	Prob.
C	0.001048	0.000262	4.006706	0.0001
DUMMYMON	0.000476	0.000597	0.797408	0.4252
AR(1)	-0.361113	0.174338	-2.071337	0.0383
MA(1)	0.449466	0.167536	2.682798	0.0073
		Variance Equation		
C(5)	-0.988631	0.133971	-7.379453	0.0000

C(6)	0.183144	0.043226	4.236930	0.0000
C(7)	0.220435	0.056153	3.925600	0.0001
C(8)	-0.183200	0.024948	-7.343307	0.0000
C(9)	0.415718	0.135011	3.079132	0.0021
C(10)	0.512517	0.130245	3.935032	0.0001
C(11)	0.302175	0.085981	3.514445	0.0004

SUMMARY

The returns series in Indian stock market exhibit characteristics such as volatility clustering , heteroskedasticity & excess peakedness which can be best captured by using non linear models. GARCH (1, 1) model has been found to be best for modeling the symmetric volatility. The study shows that return reacts differently to different news. Bad news increase volatility more than good news. So the return series show „leverage effect" and amongst asymmetric models, EGARCH (2, 2) model has been found as best as per AIC & LL criterion. The long persistence in volatility indicates that Indian market is inefficient and information is not reflected in stock prices quickly. No significant increase in return and volatility has been reported on Monday using symmetric GARCH model but EGARCH(2,2) model reported an increase in return on Monday which is not statistically significant but reported an increase in volatility which is statistically significant.

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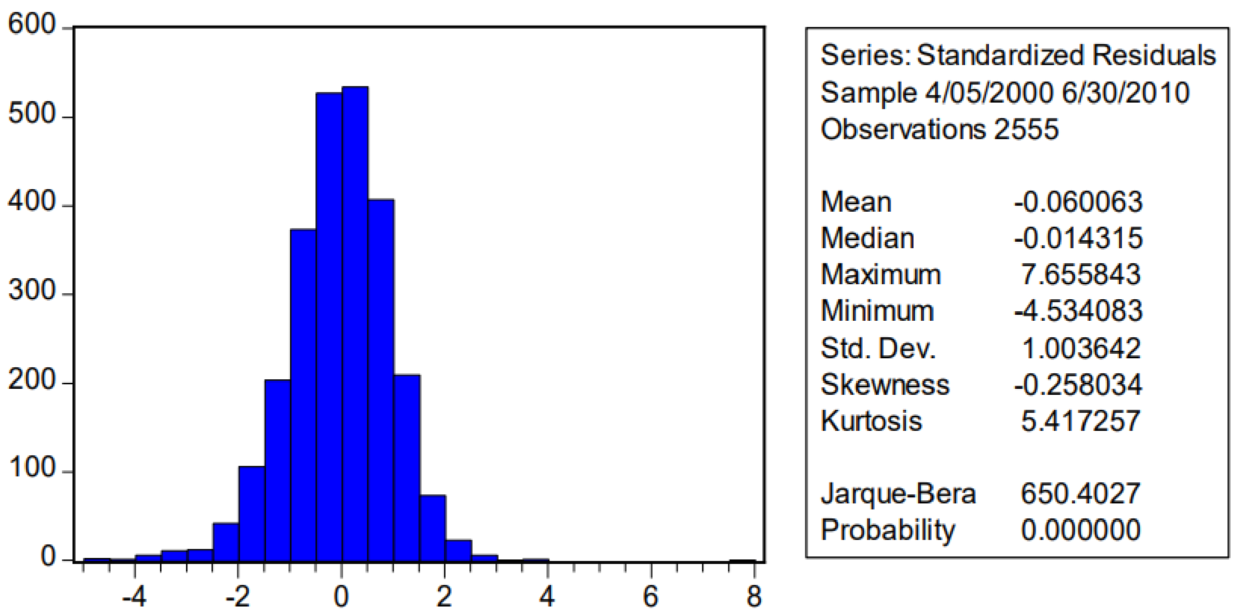
APPENDIX

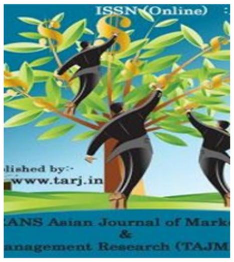
TABLE 2: CORRELOGRAM OF SQUARED GARCH RESIDUALS

Autocorrelation	Partial Correlation		AC	PAC	Q-Stat	Prob
| |	| |	1	0.005	0.005	0.0646	
| |	| |	2	-0.000	-0.000	0.0648	
| |	| |	3	0.007	0.007	0.1739	0.677
| |	| |	4	0.019	0.018	1.0516	0.591
| |	| |	5	-0.007	-0.007	1.1670	0.761
| |	| |	6	-0.017	-0.017	1.8789	0.758
| |	| |	7	-0.010	-0.010	2.1223	0.832
| |	| |	8	-0.025	-0.025	3.7194	0.715

| |	| |	9	-0.031	-0.030	6.1391	0.524
| |	| |	10	0.015	0.016	6.7186	0.567
| |	| |	11	-0.016	-0.015	7.3425	0.602
| |	| |	12	-0.022	-0.021	8.5776	0.573
| |	| |	13	0.024	0.024	10.022	0.528
| |	| |	14	-0.004	-0.006	10.058	0.611
| |	| |	15	0.003	0.003	10.085	0.687
| |	| |	16	0.011	0.011	10.389	0.733
| |	| |	17	-0.015	-0.018	10.966	0.755
| |	| |	18	-0.022	-0.022	12.181	0.731
| |	| |	19	-0.006	-0.005	12.269	0.784

TABLE 4 DESCRIPTIVE STATISTICS OF GARCH (1, 1) RESIDUALS





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IMPACT OF MERGERS AND ACQUISITIONS IN INDIAN BANKING SECTOR ON SCRIP PRICE RETURNS

Dr. Aarti Loomba*

*Assistant Professor,
Banarsidas Chandiwala Institute of Professional Studies,
Guru Gobind Singh Indraprastha University,
New Delhi, INDIA

ABSTRACT

In this paper, we examined the impact of mergers and acquisitions in indian banking sector during the period 2005-2010 on scrip price returns. The mergers chosen in this study were the top mergers during that period .these include merger of ICICI bank with bank of Rajasthan, merger of HDFC bank with Central bank of Patiala,merger of indian overseas bank with bharat overseas bank and ICICI bank with sangali bank. The main objective of this study is to understand movement in scrip prices before and after merger and to know the significant impact on scrip returns of these selected banks due to mergers and acquisitions. It was observed that impact of merger on scrip return is miniscule i.e., all the selected banks have not shown any substantial difference in return during post merger periods. It indicates that, mergers seems to have a slightly positive impact on Profitability of the selected banks and a minute reduction is observed in some cases, but that has not hampered the post merger performance of the various banks.

INTRODUCTION

Mergers and acquisitions in banking sector have become familiar in the majority of all the countries in the world. A large number of international and domestic banks all over the world are engaged in merger and acquisition activities. One of the principal objectives behind the mergers and acquisitions in the banking sector is to reap the benefits of economies of scale. With the help of mergers and acquisitions in the banking sector, the banks can achieve significant growth in their operations and minimize their expenses to a considerable extent.

Another important advantage behind this kind of merger is that in this process, competition is reduced because merger eliminates competitors from the banking industry. Mergers and acquisitions in banking sector are forms of horizontal merger because the merging entities are involved in the same kind of business or commercial activities. Sometimes, non-banking financial institutions are also merged with other banks if they provide similar type of services. In the context of mergers and acquisitions in the banking sector, it can be reckoned that size does matter and growth in size can be achieved through mergers and acquisitions quite easily. Growth achieved by taking assistance of the mergers and acquisitions in the banking sector may be described as inorganic growth. Both government banks and private sector banks are adopting policies for mergers and acquisitions. In many countries, global or multinational banks are extending their operations through mergers and acquisitions with the regional banks in those countries.

These mergers and acquisitions are named as cross-border mergers and acquisitions in the banking sector or international mergers and acquisitions in the banking sector. By doing this, global banking corporations are able to place themselves into a dominant position in the banking sector, achieve economies of scale, as well as garner market share. Mergers and acquisitions in the banking sector have the capacity to ensure efficiency, profitability and synergy. They also help to form and grow shareholder value.

In some cases, financially distressed banks are also subject to takeovers or mergers in the banking sector and this kind of merger may result in monopoly and job cuts. Deregulation in the financial market, market liberalization, economic reforms, and a number of other factors have played an important function behind the growth of mergers and acquisitions in the banking sector. Nevertheless, there are many challenges that are still to be overcome through appropriate measures. Mergers and acquisitions in banking sector are controlled or regulated by the apex financial authority of a particular country. For example, the mergers and acquisitions in the banking sector of India are overseen by the Reserve Bank of India (RBI).

REVIEW OF LITERATURE

Pawan sharma (2012) stated that Merger is the primary growth and expansion strategy of present corporate world The study resulted that the acquiring bank (ICICI bank ltd) loses their market price when the announcement came into the market, on the other hand the bank of Rajasthan ltd gained market price with the announcement news.

Azeem Ahmad Khan(2011)entitled in his paper the various motivates behind Mergers andAcquisitions in the Indian banking sector. The result of the study indicates that the banks have been positively affected by the event of Merger and acquisitions (M&A s). These results suggestthat merged banks can obtain efficiency and gains through Merger and Acquisitions (M&As) and passes the benefits to the equity share holders' in the form of dividend.

Jagdish R. Raiyani (2010) in their paper, "Effect of mergers on efficiency and productivity of Indian banks: A CAMELS analysis**"**, have analyzed that the process of globalization and liberalization has strongly influenced the Indian banking sector.

It is found that the private sector merged banks are dominating over the public sector merged banks in profitability and liquidity but in case of capital adequacy and NPAs, the results are contrary. Further, it was observed that it was observed that the private sector merged banks performed well as compared to the public sector merged banks.

Akhil Bhan provides an insight into the motives and benefits of the mergers in Indian banking sector .This is done by examining the eight merger deals of the banks in India during the period of reforms from 1999 to 2006 . This paper also validates if the mergers have created any value for its shareholders by checking the value of EVA pre-merger and post-merger .Overall with the given sample of mergers in the Indian banking sector, it is clearly indicated that post reform mergers have been efficient for the merging banks .They have create a value for the acquiring banks.

Mantravadi Pramod & Reddy A Vidyadhar (2007) evaluated the impact of merger on the operating performance of acquiring firms in different industries by using pre and post financial ratio to examine the effect of merger on firms. They selected all mergers involved in public limited and traded companies in India between 1991 and 2003, result suggested that there were little variation in terms of impact as operating performance after mergers.

Vardhana Pawaskar (2001)in his paper “Effect of Mergers on Corporate Performance in India” has compared the pre- and post-merger operating performance of the corporations involved in merger between 1992 and1995 to identify their financial characteristics.The regression analysis explained that there was no increase in the post- merger profits. The study of a sample of firms, restructured through mergers, showed that the merging firms were at the lower end in terms of growth, tax and liquidity of the industry. The merged firms performed better than industry in terms of profitability.

Lehto Eero & Bockerman Petri (2008) evaluated the employment effects of Merger andAcquisitions on target by using match establishment level data from Finland over the period of1989-2003. They evaluated that the cross border Merger and Acquisitions lead to downsizingthe manufacturing employment and the effects of cross border Merger and Acquisitions onemployment in non- manufacturing is much weaker and change in ownership associated withDomestic Merger and Acquisitions and internally restructuring also typically causes employmentlosses.

OBJECTIVES AND SCOPE OF THE STUDY

The main objective of the study is to find out the impact of merger and acquisition on the short term scrip return of target Company as well as acquiring company. The other specific objectives are as follows:-

1) To find the scrip return of each individual company in selective days of pre and post-merger period.
2) To find out the impact of the merger on scrip return by comparing the performance of the scrip return in the given period of study.

SCOPE OF THE STUDY

The current study has chosen both public sector banks and private sector banks to evaluate the financial performance of banks from the perspective of pre and post merger. To judge the impact on scrip price return closing day price of the merger bank before 30 days and after 30 days have been taken.

This research consists of top four mergers and acquisitions in Indian banking sector during the year 2007 to 2010. These top four mergers are as follows:-

CASES SELECTED

SL.	NO	Bidder Bank	Target Bank	Date of Announcement
Case	1	ICICI	Bank of Rajasthan	13-Aug-10
Case	2	HDFC	Centurion Bank of Punjab	23-May-08
Case	3	Indian Overseas Bank	Bharat Overseas	12-Mar-08
Case	4	ICICI	Sangali Bank	19-Apr-07

HYPOTHESIS OF THE STUDY

H_0: There is no significant difference in terms of banks scrip return during pre and post-merger periods both for acquiring and target banks.

TOOLS AND TECHNIQUES

To analyze the impact of scrip return T-Test has been applied.. It is calculated as follows:-Rt = (P1-P0)/P0 *100Where,
Rt = Daily rates of returns

P1 = Today's closing price of the scrip

P0 = Yesterday's closing price of the scrip

DATA ANALYSIS

The data covers the closing values of the selected samples and it is analyzed with the help of t-test.

CASES SELECTED

SL.	NO	Bidder Bank	Target Bank	Date of Announcement
Case	1	ICICI	Bank of Rajasthan	13-Aug-10
Case	2	HDFC	Centurion Bank of Punjab	23-May-08
Case	3	Indian Overseas	Bharat Overseas	12-Mar-08
Case	4	ICICI	Sangali Bank	19-Apr-07

SCRIP PRICE RETURN ANALYSIS

The ultimate target for the management is to maximize the value of shareholders for companies having shares listed on the stock exchange by reflecting it in their stock price. For analyzing the scrip prices return, the data covers the closing scrip values of the selected banks listed either in the BSE or NSE. The sample is selected on the basis of top mergers in Indian banking sector for the last 6-7 years. The data consisted of daily closing price of the sample stock obtained from BSE or NSE. The scrip daily rates of return are calculated by using the simple formula:

$$Rt = (P1-P0)/P0 *100$$

Where,

Rt = Daily rates of returns

P1 = Today's closing price of the scrip

P0 = Yesterday's closing price of the scrip

In the analysis, descriptive statistical tools like mean score and standard deviation are calculated. Further, it is analyzed with the help of inferential statistical tool t-test to arrive at conclusion. In this research, paired sample t-test is used.

MERGER OF ICICI BANK WITH BANK OF RAJASTHAN

Scrip return of icici bank in nse during selected pre and post merger periods.

Pre-merger period			**Post-merger period**		
Date	**Scrip Price (RS.)**	**Scrip Return (%)**	**Date**	**Scrip Price(Rs.)**	**Scrip Return (%)**
1/7/2010	841.5		16/8/2010	1347.6	
2/7/2010	840.05	-0.166379464	17/08/2010	1323.7	-1.773523301
5/7/2010	840.6	0.065472293	18/08/2010	1351.35	2.088841883
6/7/2010	858.8	2.165120152	19/08/2010	1319.55	-2.353202353
7/7/2010	846.2	-1.467163484	20/08/2010	1368.7	3.724754651
8/7/2010	862.3	1.902623493	23/08/2010	1310.5	-4.252210126

9/7/2010	875.9	1.577177316	24/08/2010	1266.4	-3.365127814
12/7/2010	893.45	2.003653385	25/08/2010	1215	-4.05874921
13/7/2010	899.45	0.671554088	26/08/2010	1248.15	2.728395062
14/7/2010	891.25	-0.911668242	27/08/2010	1232.45	-1.257861635
15/7/2010	881.75	-1.065918654	30/08/2010	1183.6	-3.963649641
16/7/2010	902.4	2.341933655	31/08/2010	1132.35	-4.330010139
19/07/2010	900.05	-0.260416667	1/9/2010	1196.35	5.651962732
20/07/2010	886.85	-1.46658519	2/9/2010	1161.55	-2.908847745
21/07/2010	902.6	1.775948582	3/6/2010	1122.15	-3.392019285
22/07/2010	908.7	0.675825393	6/6/2010	1149.25	2.415006906
23/07/2010	912.85	0.456696379	7/9/2010	1213.65	5.603654557
26/07/2010	916.7	0.421756039	8/9/2010	1168.4	-3.728422527
27/07/2010	924.2	0.818152067	9/9/2010	1122.95	-3.889934954
28/07/2010	908.85	-1.66089591	10/9/2010	1132.45	0.845986019
29/07/2010	928.7	2.184078781	11/9/2010	1105.25	-2.401872047
30/07/2010	904.9	-2.562722085	13/9/2010	1098.05	-0.651436327
2/8/2010	939.55	3.829152393	14/9/2010	1100.15	0.191248122
3/8/2010	962	2.389441754	15/9/2010	1103.9	0.34086261
4/8/2010	969.25	0.753638254	16/9/2010	1103.55	-0.03170577
5/8/2010	955.4	-1.428939902	17/9/2010	1114.25	0.969598115
6/8/2010	988.9	3.50638476	20/9/2010	1127.8	1.216064617
9/8/2010	980.1	-0.889877642	21/9/2010	1127.15	-0.057634332
10/8/2010	980.5	0.040812162	22/9/2010	1126.9	-0.022179834
11/8/2010	975.45	-0.515043345	23/9/2010	1100.85	-2.311651433

12/8/2010	963.3	-1.245578964	24/9/2010	1114.1	1.203615388

HYPOTHESIS TESTING

H_0: There is no significant difference in terms of banks scrip return during pre and post-merger periods both for acquiring and target banks.

PAIRED SAMPLES STATISTICS

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	PreMerger3	.4646	30	1.63253	.29806
	PostMerger3	-.5923	30	2.87807	.52546

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
Pair 1	PreMerger3 - PostMerger3	1.05694	3.61723	.66041	-.29375	2.40764	1.600	29	.120

ANALYSIS

Paired comparison t test was applied as a test of significance. A significance value of 0.120 is more than 0.05 which indicates that there is no significant difference in terms of scrip return during pre and post-merger periods. Hence, we are failing to reject the null hypothesis.

MERGER OF HDFC BANK WITH CENTURION BANK OF PUNJAB

Scrip return of HDFC bank in NSE during selected pre and post-mergerperiods:-

PRE MERGER PERIOD			POST MERGER PERIOD		
Date	**Scrip Price (Rs.)**	**Scrip Return (%)**	**Date**	**Scrip Price (Rs.)**	**Scrip Return (%)**
4/3/2008	1293.85		26/05/2008	1347.6	
7/4/2008	1303.4	0.738107199	27/05/2008	1323.7	-1.773523301
8/4/2008	1308.55	0.395120454	28/05/2008	1351.35	2.088841883
9/4/2008	1379.85	5.448779183	29/05/2008	1319.55	-2.353202353
10/4/2008	1326.35	-3.877233033	30/05/2008	1368.7	3.724754651
11/4/2008	1330.35	0.301579523	2/6/2008	1310.5	-4.252210126
15/4/2008	1303.3	-2.033299508	3/6/2008	1266.4	-3.365127814
16/4/2008	1308.3	0.383641525	4/6/2008	1215	-4.05874921
17/4/2008	1401.2	7.100817855	5/6/2008	1248.15	2.728395062
21/4/2008	1460.75	4.249928633	6/6/2008	1232.45	-1.257861635
22/4/2008	1508.25	3.251754236	9/6/2008	1183.6	-3.963649641
23/4/2008	1445.35	-4.170396154	10/6/2008	1132.35	-4.330010139
24/4/2008	1442.6	-0.190265334	11/6/2008	1196.35	5.651962732
25/4/2008	1500.4	4.006654651	12/6/2008	1161.55	-2.908847745
28/4/2008	1523.35	1.529592109	13/06/2008	1122.15	-3.392019285
29/4/2008	1547.8	1.605015262	16/06/2008	1149.25	2.415006906
30/4/2008	1524.15	-1.527975191	17/06/2008	1213.65	5.603654557
2/5/2008	1540.4	1.066168028	18/06/2008	1168.4	-3.728422527
5/5/2008	1528.55	-0.769280706	19/06/2008	1122.95	-3.889934954

6/5/2008	1542.85	0.935527134	20/6/2008	1098.25	-2.199563649
7/5/2008	1541.9	-0.061574359	23/6/2008	1095.55	-0.245845664
8/5/2008	1508.35	-2.175886893	24/6/2008	1059.65	-3.276892885
9/5/2008	1452.5	-3.702721517	25/6/2008	1074.35	1.387250507
12/5/2008	1468.05	1.070567986	26/6/2008	1060.5	-1.28915158
13/5/2008	1480.25	0.831034365	27/6/2008	1021.6	-3.668081094
14/5/2008	1464.8	-1.043742611	30/6/2008	1007.4	-1.389976507
15/5/2008	1478.5	0.935281267	1/7/2008	965.25	-4.184038118
16/5/2008	1500.4	1.481230977	2/7/2008	1027.6	6.459466459
20/5/2008	1461.2	-2.61263663	3/7/2008	984.45	-4.19910471
21/5/2008	1461.05	-0.010265535	4/7/2008	1000.3	1.610036061
22/5/2008	1383.75	-5.290715581	7/7/2008	1005.4	0.509847046

HYPOTHESIS TESTING

H_0: There is no significant difference in terms of banks scrip return during pre and post-merger periods both for acquiring and target banks.

PAIRED SAMPLES STATISTICS

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	PreMerger1	.2622	30	2.81246	.51348
	PostMerger1	-.9182	30	3.33990	.60978

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
Pair 1	PreMerger1 - PostMerger1	1.18039	4.44483	.81151	-.47933	2.84012	1.455	29	.157

ANALYSIS

Paired comparison t test was applied as a test of significance. A significance value of 0.157 is more than 0.05 which indicates that there is no significant difference in terms of scrip return during pre and post merger periods. Hence, we are failing to reject the null hypothesis.

MERGER OF INDIAN OVERSEAS BANK AND BHARAT OVERSEAS BANK

Scrip return of indian overseas bank in nse during selected pre and post merger period.

PRE MERGER PERIOD			POST MERGER PERIOD		
DATE	**SCRIP PRICE(RS.)**	**SCRIP RETURN(%)**	**DATE**	**SCRIP PRICE(RS.)**	**SCRIP RETURN(%)**
28/1/2008	170.55		13/3/2008	139.6	
29/1/2008	171.8	0.732922897	14/3/2008	139.8	0.143266476
30/1/2008	164.5	-4.249126892	17/3/2008	129	-7.725321888
31/1/2008	162.05	-1.489361702	18/3/2008	120.25	-6.782945736
1/2/2008	168.3	3.85683431	19/3/2008	124.75	3.742203742
4/2/2008	182.9	8.674985146	24/3/2008	125.8	0.841683367
5/2/2008	182.4	-0.273373428	25/3/2008	134.6	6.995230525
6/2/2008	179.4	-1.644736842	26/3/2008	135.35	0.557206538
7/2/2008	171.6	-4.347826087	27/3/2008	132.85	-1.84706317
8/2/2008	168.4	-1.864801865	28/3/2008	135.5	1.9947309

11/2/2008	160.45	-4.720902613	31/3/2008	135.1	-0.295202952
12/2/2008	163.15	1.682767217	1/4/2008	129.35	-4.256106588
13/2/2008	163.9	0.459699663	2/4/2008	133	2.821801314
14/2/2008	176.85	7.901159243	3/4/2008	133.3	0.22556391
15/2/2008	176.1	-0.42408821	4/4/2008	121.5	-8.852213053
18/2/2008	179.35	1.845542306	7/4/2008	130.8	7.654320988
19/2/2008	176.1	-1.812099247	8/4/2008	130.9	0.076452599
20/2/2008	173.35	-1.56161272	9/4/2008	132.6	1.298701299
21/2/2008	170.3	-1.759446207	10/4/2008	133.15	0.414781297
22/2/2008	167.55	-1.614797416	11/4/2008	140.05	5.182125422
25/2/2008	167.75	0.119367353	15/4/2008	142.75	1.927882899
26/2/2008	167.8	0.029806259	16/4/2008	140.6	-1.506129597
27/2/2008	166.2	-0.953516091	17/4/2008	145.85	3.733997155
28/2/2008	167.9	1.022864019	21/4/2008	142.3	-2.434007542
29/2/2008	165.55	-1.399642644	22/4/2008	144.1	1.26493324
3/3/2008	157.55	-4.832376925	23/4/2008	143.7	-0.27758501
4/3/2008	155.4	-1.364646144	24/4/2008	143.5	-0.139178845
5/3/2008	145.55	-6.338481338	25/4/2008	144.15	0.452961672
7/3/2008	142.45	-2.129852284	28/4/2008	147.45	2.289281998
10/3/2008	144.65	1.544401544	29/4/2008	149.8	1.392463713
11/3/2008	145.05	0.276529554	30/4/2008	148.25	-1.03541262

HYPOTHESIS TESTING

H_0: There is no significant difference in terms of banks scrip return during pre and post-merger periods both for acquiring and target banks.

PAIRED SAMPLES STATISTICS

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	PreMerger2	-.4878	30	3.25921	.59505
	PostMerger2	.2687	30	3.72957	.68092

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
Pair 1	PreMerger2 - PostMerger2	-.75647	4.49738	.82110	-2.43582	.92287	-.921	29	.365

ANALYSIS

Hypothesis testing is done with the help of paired sample t-test. A significance value of 0.365 is more than 0.05 which indicates that there is no significant difference in terms of scrip return during pre and post-merger periods. Hence, we are failing to reject the null hypothesis.

MERGER OF ICICI BANK AND SANGALI BANK

Scrip return of icici bank and sangli bank in nse during selected pre and post merger periods.

PRE MERGER PERIOD			POST MERGER PERIOD		
Date	**Scrip Price (RS.)**	**Scrip Return (%)**	**Date**	**Scrip Price (RS.)**	**Scrip Return (%)**
1/3/2007	855.35		20/4/2007	916.7	
2/3/2007	842.9	-1.455544514	23/4/2007	917.55	0.092723901
5/3/2007	821.55	-2.532922055	24/4/2007	950.1	3.5474906
6/3/2007	847.9	3.207351957	25/4/2007	962.9	1.347226608
7/3/2007	828.65	-2.270314896	26/04/2004	961.45	-0.150586769

8/3/2007	863	4.145296567	27/04/2007	935015	97150.50705
9/3/2007	858.6	-0.509849363	30/4/2007	865.85	-99.90739721
12/3/2007	868.7	1.176333566	3/5/2007	869.9	0.467748455
13/3/2007	877.6	1.024519397	4/5/2007	855.85	-1.615128176
14/3/2007	829.4	-5.492251595	07/052007	843.75	-1.413799147
15/3/2007	823.9	-0.663129973	8/5/2007	839.8	-0.468148148
16/3/2007	810	-1.687097949	9/5/2007	849.35	1.137175518
19/3/2007	822.55	1.549382716	10/5/2007	842.95	-0.753517396
20/32007	824	0.176281077	11/5/2007	848.45	0.652470491
21/03/2007	870.55	5.649271845	14/5/2007	870.4	2.58707054
22/03/2007	899.6	3.33697088	15/5/2007	886	1.792279412
23/03/2007	891.6	-0.889284126	17/5/2007	938.05	5.874717833
26/03/2007	875.7	-1.783310902	18/5/2007	951.15	1.396514045
28/3/2007	857.85	-2.038369305	21/5/2007	930.75	-2.144772118
29/03/2007	855.3	-0.297254765	22/5/2007	928.55	-0.23636852
30/3/2007	853.35	-0.227990179	23/5/2007	917.85	-1.152334285
2/4/2007	803.95	-5.788949435	24/5/2007	911.5	-0.691834178
3/4/2007	807.9	0.491324087	25/5/2007	912.7	0.131651125
4/4/2007	820.95	1.615298923	28/5/2007	922.8	1.106606771
5/4/2007	838.65	2.156038736	29/5/2007	920.6	-0.238404855
9/4/2007	858.25	2.33708937	30/5/2007	913.65	-0.754942429
10/4/2007	857.75	-0.058258083	31/5/2007	919.45	0.634816396
11/4/2007	859.5	0.204022151	1/6/2007	930.85	1.239871662
12/4/2007	849.25	-1.19255381	4/6/2007	933.35	0.268571736

13/04/2007	873.45	2.849573153	5/6/2007	939.05	0.61070338
16/04/2007	888.25	1.694430133	6/6/2007	911.2	-2.965763271

HYPOTHESIS TESTING

H_0: There is no significant difference in terms of banks scrip return during pre and post-merger periods both for acquiring and target banks.

PAIRED SAMPLES STATISTICS

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	PreMerger4	.1575	30	2.55450	.46638
	PostMerger4	.0052	30	2.27373	.41512

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper			
Pair 1	PreMerger4 - PostMerger4	.15236	3.32090	.60631	-1.08769	1.39240	.251	29	.803

ANALYSIS

Hypothesis testing is done with the help of paired sample t-test. A significance value of 0.157 is more than 0.05 which indicates that there is no significant difference in terms of scrip return during pre and post-merger periods. Hence, we are failing to reject the null hypothesis.

CONCLUSION

Merger is the useful tool for growth and expansion in Indian Banking Sector. It is helpful for survival of weak banks by merging into larger bank. The growth rate in this sector is remarkable and it has become the most preferred banking destinations for international investors. This study shows that whether there is a significant impact of merger on scrip price return or not. By analyzing the facts and figures relating to the recent mergers, it is found that the impact of merger on scrip return is minuscule i.e., all the selected banks scrip have not witnessed any substantial difference in return during the post-merger period.

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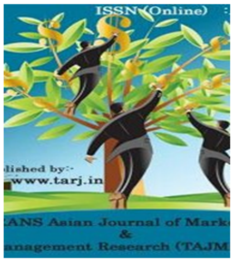

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FOREIGN DIRECT INVESTMENT - SIGNIFICANCE ON INDIAN RETAILING MARKETS

Prof. G. Sudhakar*; Mr. G. Nanda Kishor Kumar; Ms. Y. Padmaja*****

*Principal,
St. Martin's PG College of Technology,Secunderabad, Andhra Pradesh, INDIA

**Associate Professor,
St. Martin's PG College of Technology,Secunderabad, Andhra Pradesh, INDIA

***Research Scholar,
Department of Commerce and Management Studies,Andhra University,
Visakapatnam, Andhra Pradesh, INDIA

ABSTRACT

The Article is "Foreign Direct Investment (FDI) Significance on Indian Retailing Markets". During the past one year there was so much news on FDI through media and government. The study will look at the recent initiative of FDI in retail segment and its implications on the local traders by looking at a holistic view by conducting survey with local traders, customers, and common citizens etc., to understand the benefits it creates along with the long term perspectives of these initiatives for the Indian economy. The study will look at the overall concept of FDI and the different segments this applies to along with previous initiatives of the govt. In this Article we have explained about the objectives, need and limitations of the study. The second part of the analysis of study will include the survey feedback of FDI in Indian Retail Market which is given by different retailers and shopkeepers. The details of Survey part is described in the analysis section of the Article. The study will provide different scenarios and it will help to know the feedback of the retailers and shopkeepers. This will help for future recommendations of appropriate measures like how much percentage the Government has allowed and also need to allow the Foreign Direct Investments in Indian retail market and also it provides better awareness to retailers in their business decisions. We have gone through survey of retailers and shopkeepers and got some different answers from different retailers and shopkeepers for the asked questions.

KEYWORDS: *Economy, FDI, Government, Retailer, Segment.*

1. INTRODUCTION

During the past one year there was so much news on FDI through media and government. Recently the FDI in retail segment has been passed in both the houses of Lok Sabha and Rajya Sabha to allow FDI. There is lot of confusion for normal citizens and retail small business owners of the implications of this new initiative by the government. The concept of FDI was done several times during the past few decades by the govt. so that it boosts the economy along with the employment. Any initiative has its pros and cons in the initial stages but looking at the long term it is done for the betterment of the country and economy. This was initially done in theearly 90s which has led for tremendous growth of the Indian economy in several segments. This is ongoing process for any government to improvise and get new technology, process and quality into the country without much effect to the local traders and people. The Article will look at the recent initiative of FDI in retail segment and its implications on the local traders by looking at a holistic view by conducting survey with local traders, customers, and common citizens etc., to understand the benefits it creates along with the long term perspectives of these initiatives for the Indian economy. The study will look at the overall concept of FDI and the different segments this applies to along with previous initiatives of the govt. This would also help Last Mile Solutions to better educate their customers make better investment decisions in different industry segments in the areas of personal finance which has direct impact from the FDI decision from the government.

India is now the last major frontier for globalized retail. In the twenty years since the economic liberalization of 1991, India's middle class has greatly expanded, and so has its purchasing power. But over the years, unlike other major emerging economies, India has been slow to open its retail sector to foreign investment. Recent signals from the government however suggest that this may be about to change: global supermarket chain stores such as Wal-Mart (United States), Carrefour (France), Marks & Spencer and Tesco (United Kingdom), and Shoprite (South Africa) may finally be allowed to set up shop in India. FDI in the retail sector in India is restricted. In 2006, the government eased retail policy for the first time, allowing up to 51 per cent FDI through the single-brand retail route. Since then, there has been a steady increase in FDI in the retail sector, and the cumulative FDI in single-brand retail stood at $195million by the middle of 2010. Foreign investment in the single-brand retail sector in India has been resilient to the global economic crisis of 2007-08. Given India's large population and rapidly expanding middle-class, there is robust and growing demand and a rapidly expanding market. Table 1 shows the growth in private consumption expenditures across categories to highlight this trend. In the past few decades large retailers have experienced substantial growth around the world. Evidence suggests while the impact of entry by large retail chains on employment and incumbent mom-and-pop stores is mixed, there can be substantial benefits to consumers in the form of lower prices and lowered food price inflation in particular. Similarly, by employing improved distribution and warehousing technologies, large retail chains are in a position to provide better price signals to farmers and to serve as a platform for enhanced exports. At the same time, public outcry over the impact of these chain stores on other retailer's and local communities is reported around the world. Small retailers, farmers, and even large organized competition have concerns about the entry of large global chain stores. On balance, however, in this paper we argue that opening up FDI in India to multi-brand retailers from abroad may be a catalyst to growth and the development of the retail industry, with positive externalities for the rest of the economy.

India is without doubt a 'growth' economy and many consider it an attractive country to invest in, particularly in its rapidly growing and changing retail market. However, FDI is restricted in the retail sector, and despite many years of debate, the regulations are still only changing very slowly and there are still lots of uncertainties. Foreign Investors are Watching India, ready for a piece of the action in the retail market, but there are still plenty of Uncertainties, restrictions and potential socioeconomic risks. This division of the retail sector, which has a very heavy weighting towards, unorganized, is just one of the issues contributing to the sensitive debate on FDI in India at the moment. From street/cart retailers working on pavements/roadsides and small family run businesses to international brands such as Rolex and Nike, the retail market in India is vibrant, colorful and highly fragmented.

2. NEED OF STUDY

The Foreign Direct Investment (FDI) has been overreacted during past few months. The FDI in retail requires a detailed study as there is lack of awareness among common people and the local traders in India and it has been over exploited because of politics. The Article looks at the long term implications of the FDI in retail to understand how it would impact the economy by taking into context previous players who have entered their business in India. The study would also look at an overall perspective of the boost the economy and what it really means in a bigger picture with respect to revenue growth, employment etc.

3. OBJECTIVES OF THE STUDY

- Understanding FDI
- Detailed understanding of FDI in retail
- Conduct survey of common people and local traders to get a perspective of FDI
- Understand the key benefits and pain areas because of FDI in retail.

4. RESEARCH METHODOLOGYMEANING OF RESEARCH

- Research is composed of two syllables, a prefix re and a verb search.
- Re means again, anew, over again.
- Search means to examine closely and carefully, to test and try, to probe.
- The two words form a noun to describe a careful and systematic study in some field of knowledge, undertaken to establish facts or principles.
- Research is an organized and systematic way of finding answers to questions.

BASIC RESEARCH AND APPLIED RESEARCH

- Basic research is geared toward advancing our knowledge about human behavior with little concern for any immediate practical benefits that might result.
- Applied research is designed with a practical outcome in mind and with the assumption that some group or society as a whole will gain specific benefits from the research.
- In Research Methodology, researcher always tries to search the given question systematically in our own way and find out all the answers till conclusion. If research does not work systematically on problem, there would be less possibility to find out the final result. For finding or exploring research questions, a researcher faces lot of problems that can be

effectively resolved with using correct research methodology.

SOURCES OF DATA COLLECTION

- Primary data is collected by conducting a survey of common man along with the perspective of local trader
- Secondary data is collected from different news streams, newspapers, magazines, online media, government of India and any other sources FDI in retail information is available.

5. SCOPE OF THE STUDY

- Understand History FDI in India
- Understand FDI in Retail and complete details
- People perspective of FDI in Retail in India
- Potential companies which could enter India and its implications.

6. LIMITATIONS OF THE STUDY

- FDI in retail segment is considered
- Survey is limited to common working class and local traders
- Long term implications is hard to project and its analyzed based on information available
- The study will do implications of FDI in retail impact based on information available as all information might not be accessible.

7. REVIEW OF LITERATURE

Retailing in India is one of the pillars of its economy and accounts for 14 to 15 percent of its GDP. The Indian retail market is estimated to be US$ 450 billion and one of the top five retail markets in the world by economic value. India is one of the fastest growing retail markets in the world, with 1.2 billion people.

As of 2013, India's retailing industry was essentially owner manned small shops. In 2010, larger format convenience stores and supermarkets accounted for about 4 percent of the industry, and these were present only in large urban centers. India's retail and logistics industry employs about 40 million Indians (3.3% of Indian population).

Until 2011, Indian central government denied Foreign Direct Investment (FDI) in multi-brand retail, forbidding foreign groups from any ownership in supermarkets, convenience stores or any retail outlets. Even single-brand retail was limited to 51% ownership and a bureaucratic process.

In November 2011, India's central government announced retail reforms for both multi-brand stores and single-brand stores. These market reforms paved the way for retail innovation and competition with multi-brand retailers such as Walmart, Carrefour and Tesco, as well single brand majors such as IKEA, Nike, and Apple. The announcement sparked intense activism, both in opposition and in support of the reforms. In December 2011, under pressure from the opposition, Indian government placed the retail reforms on hold till it reaches a consensus.

In January 2012, India approved reforms for single-brand stores welcoming anyone in the world to innovate in Indian retail market with 100% ownership, but imposed the requirement that the single brand retailer source 30 percent of its goods from India. Indian government continues the hold on retail reforms for multi-brand stores.

In June 2012, IKEA announced it had applied for permission to invest $1.9 billion in India and set up 25 retail stores. An analyst from Fitch Group stated that the 30 percent requirement was likely to significantly delay if not prevent most single brand majors from Europe, USA and Japan from opening stores and creating associated jobs in India.

On 14 September 2012, the government of India announced the opening of FDI in multi-brand retail, subject to approvals by individual states. This decision was welcomed by economists and the markets, but caused protests and an upheaval in India's central government's political coalition structure. On 20 September 2012, the Government of India formally notified the FDI reforms for single and multi brand retail, thereby making it effective under Indian law.

On 7 December 2012, the Federal Government of India allowed 51% FDI in multi-brand retail in India. The government managed to get the approval of multi-brand retail in the parliament despite heavy uproar from the opposition. Some states will allow foreign supermarkets like Walmart, Tesco and Carrefour to open while other states will not.

FDI IN RETAIL TO TAKE INDIA'S CONSUMERISM TO A NEW GROWTH

Any process of change is a dialectic process. Change is the only truth which prevails at the end if it brings well being to the masses. We believe sooner or later opposition to the FDI in retail will end and new era will begin.

FDI IN RETAIL PRESENT STATUS

51% FDI in multi brand Retail and 100% in single brand is put hold till the time consensus is reached between the political parties. There is stiff opposition being seen within the UPA alliesin context of FDI in retail. Also opposition party is seeing this as an opportunity to get the political mileage.

FINE POINTS OF PROPOSED FDI IN RETAIL

Govt. allowed 51% FDI in multi brand retail and increased FDI limit in single brand retail from 49% to 100%. This is right now put on the back burner due to opposition from the political parties. Following are some of the points are the fine points of the FDI in retail.

FDI is not likely under the automatic route implying that FIPB approval on case by case basis.

- Minimum Investment to be done is $100 million.
- 50% of the investment should be done in improving the back end infrastructure.
- 30% of all raw materials have to be procured from the small and medium enterprises.

Permission to set retail stores only in cities with a minimum population of 10 lakhs. Govt. has the first right to procure material from the farmers.

GOVT STAND ON FDI IN RETAIL:

Following are the facts that Govt. is giving to support FDI in Retail.

- FDI in retail will create 80 lakhs jobs.
- It will bring growth and prosperity.
- Prices of products will come down.

This will tame inflationary pressure in the economy.

GLOBAL RETAILING SCENARIO

Retail has played a major role in improving the productivity of the whole economy at large. The positive impact of organized retailing could be seen in USA, UK, and Mexico and also in China. Retail is the second largest industry in US. It is also one of the largest employment generators. It is also important to understand that Argentina, China, Brazil, Chile, Indonesia, Malaysia, Russia, Singapore and Thailand have allowed 100% FDI in multi brand retail. These countries benefited immensely from it. Also small retailers co-exist. The quality of the services has increased. China permitted FDI in retail in 1992 and has seen huge investment flowing into the sector. It has not affected the small or domestic retail chains on the contrary small retailers have increased since 2004 from 1.9 million to over 2.5 million. Take for example Indonesia where still 90% of the business still remains in the hand of small traders.

BENEFICIARY OF FDI IN MULTI – BRAND RETAIL

Multi Brand Retail Stores: 51% in multi brand retail.

- Pantaloon Retail
- Vishal Retail
- Shoppers Stop
- Koutons
- Trent

Single Brand Retail: 100% FDI in Single Brand Retail.

- Archies
- Cantabil
- VIP Ind
- Titan
- IFB Industries

REAL ESTATE: Especially mall developers. Retailers like Wal-Mart, Tesco operates in large area of 50,000 – 60,000 sqft. They generally pay to the builders certain percentage of the total revenue. Real Estate companies into retailing space to be benefitted.

- Unitech
- DLF
- Sobha Developers

FMCG COMPANIES: Big retailers generally sources from the producers, FMCG companies are going to be benefited.

- HUL
- GSK
- Godrej Consumer
- Dabur
- Marico

8. DATA ANALYSIS & INTERPRETATION

The analysis was conducted on 50 Retailers.

1. Do you know Foreign Direct Investment?

TABLE NO. 01

S. No	Responses	% of Respondents
1	Yes	90%
2	No	10%

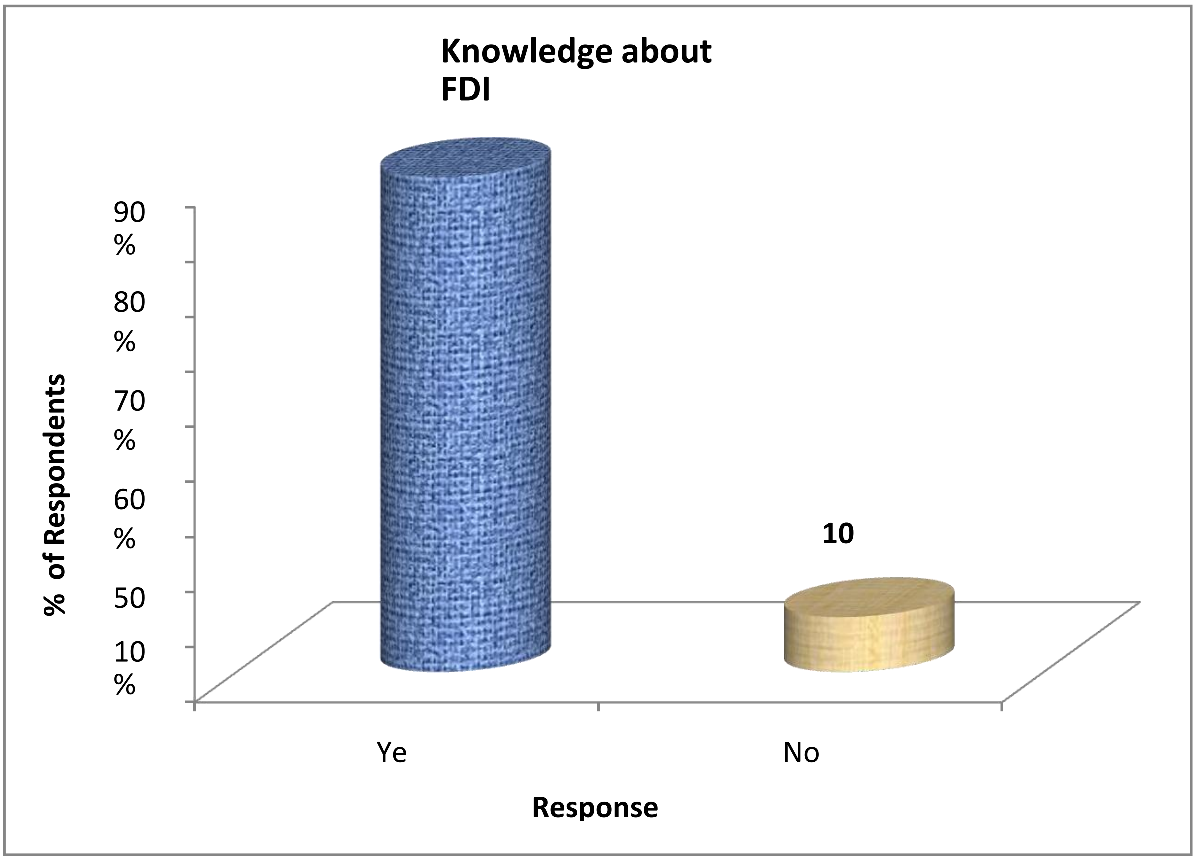

FIG. NO. 01

INTERPRETATION: As shown from the above question majority of the working class and retail investors do understand of what FDI in retail except a small portion of respondents.

1. Did you follow the recent debate on FDI in Retail in India?

TABLE NO. 02

S. No	Responses	% of Respondents
1	Yes	60%
2	No	40%

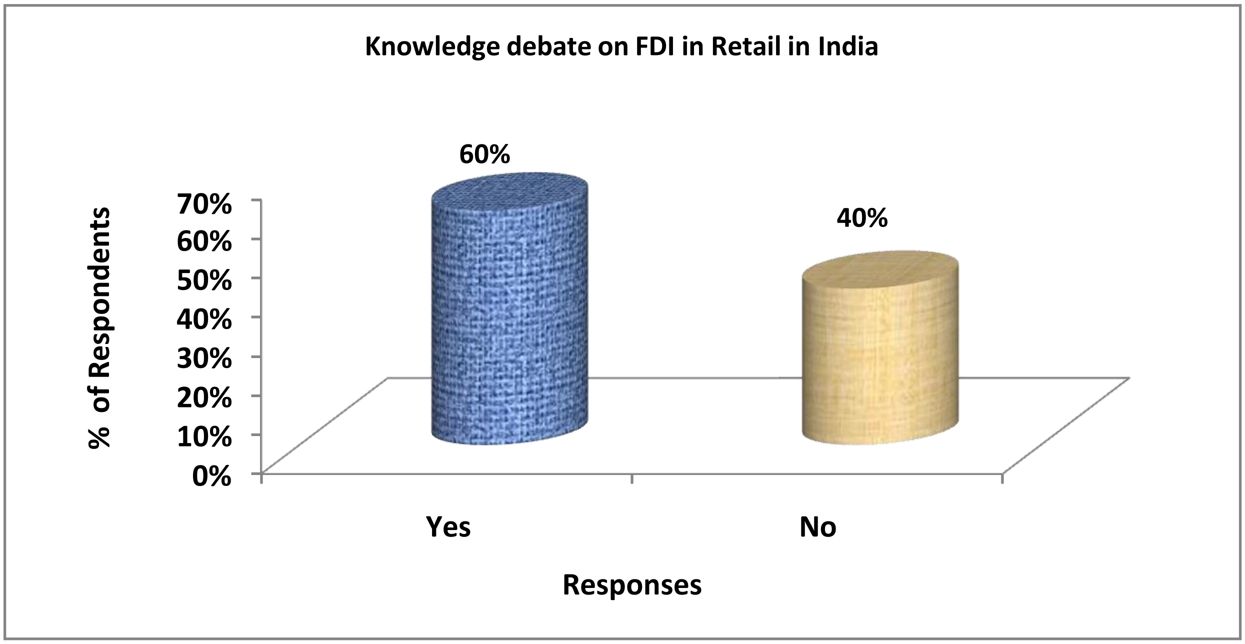

FIG. NO. 02

INTERPRETATION: As shown from the above question majority of the retail investors do understand of what is FDI in retail and they have followed the recent Debate on FDI in Indian Retail except a small portion of respondents.

2. Do you know the importance of FDI in Retail in India?

TABLE NO. 03

S. No	Responses	% of Respondents
1	Yes	78%
2	No	22%

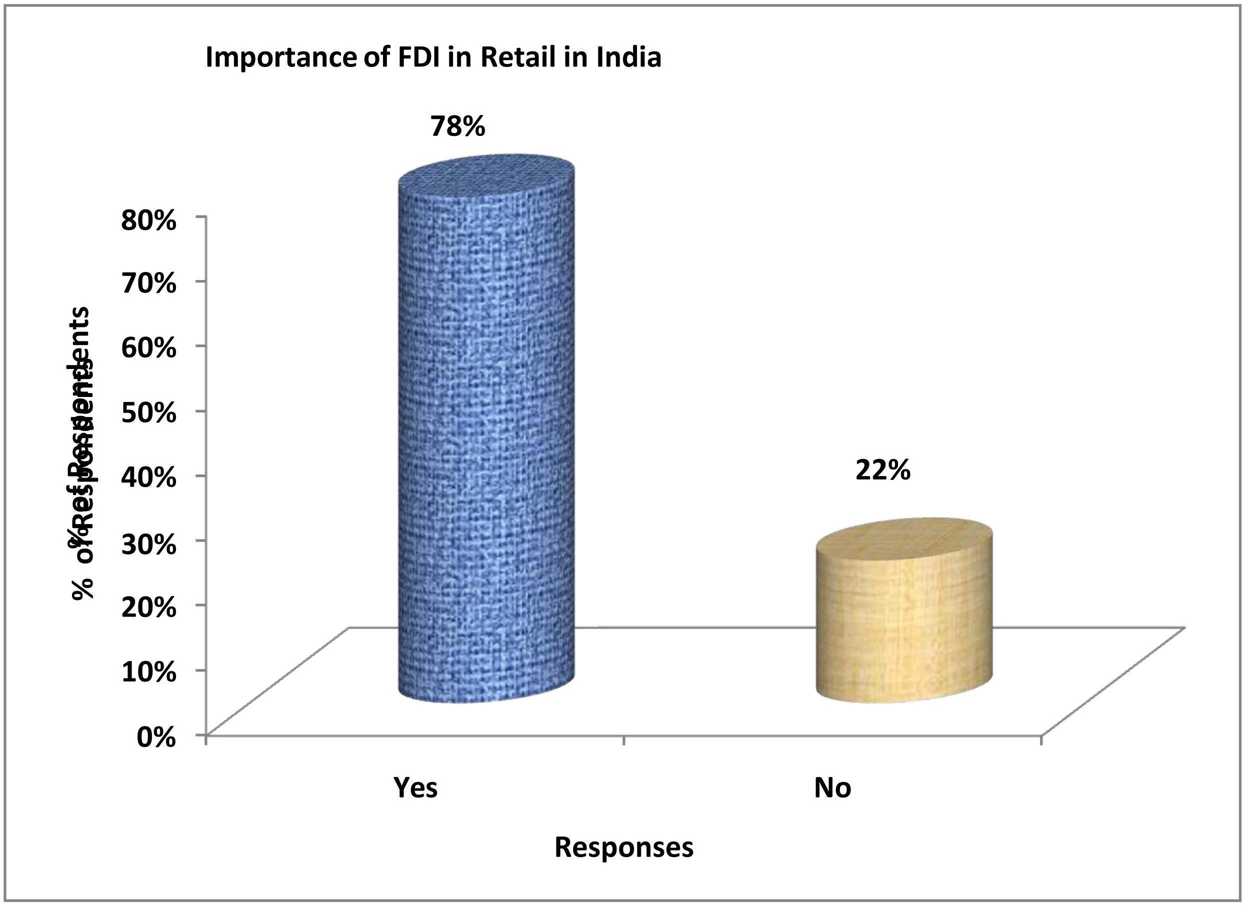

FIG NO. 03

INTERPRETATION: As shown from the above question the majority of the experienced retail investors know the importance of what is FDI in retail except a small portion of respondents.

3. Do you agree FDI in Retail impacts small shop Keepers?

TABLE NO. 04

S. No.	Responses	% of Respondents
1	Strongly Agree	18%
2	Agree	26%
3	Not Sure	34%
4	Disagree	12%
5	Strongly Disagree	10%

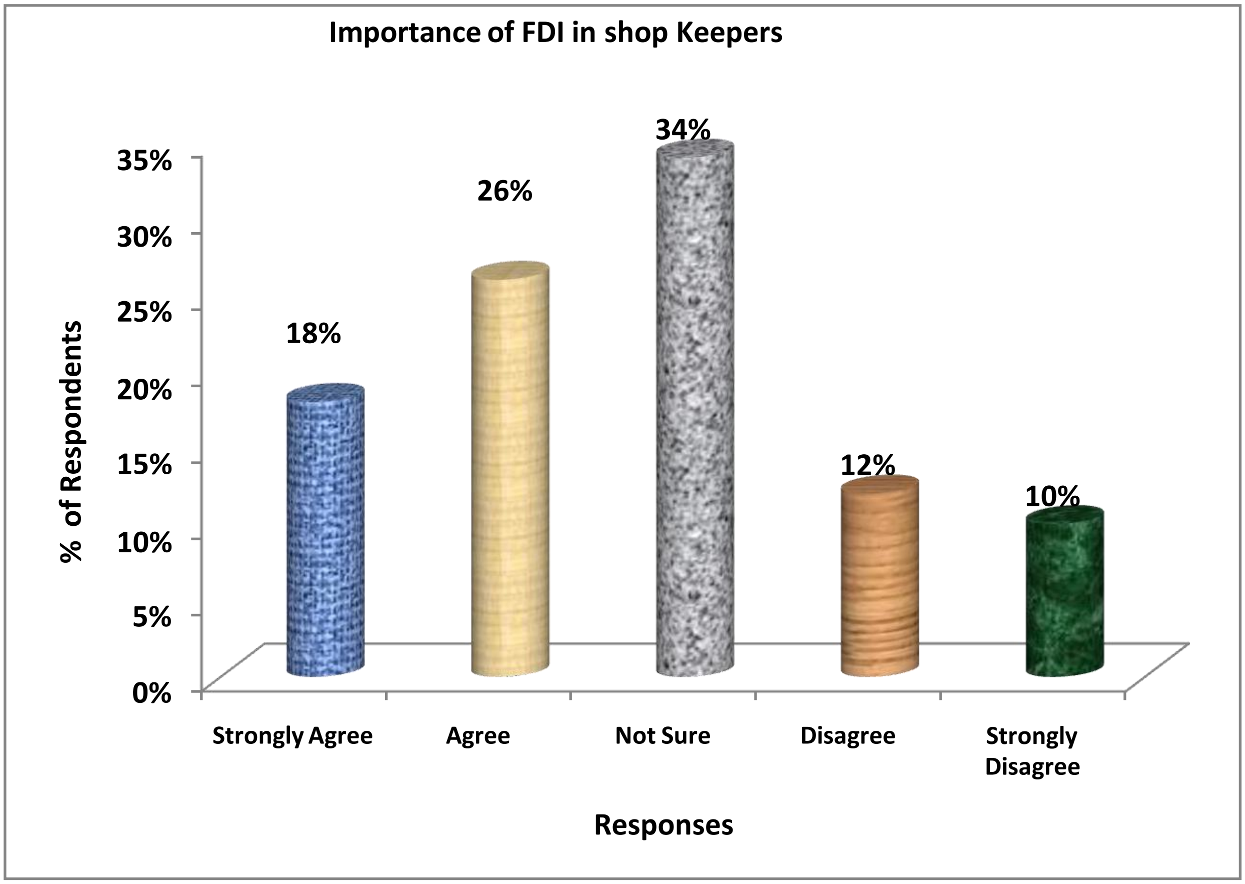

FIG. NO. 04

INTERPRETATION: As shown from the above question the majority of the experienced retail investors they have given their response as Not sure about the impact on Shopkeepers which may come because of FDI in retail.

4. Do you agree that FDI in Retail will improve economic Growth?

TABLE NO. 05

S. No.	Responses	% of Respondents
1	Strongly Agree	28%
2	Agree	24%
3	Not Sure	38%
4	Disagree	8%
5	Strongly Disagree	2%

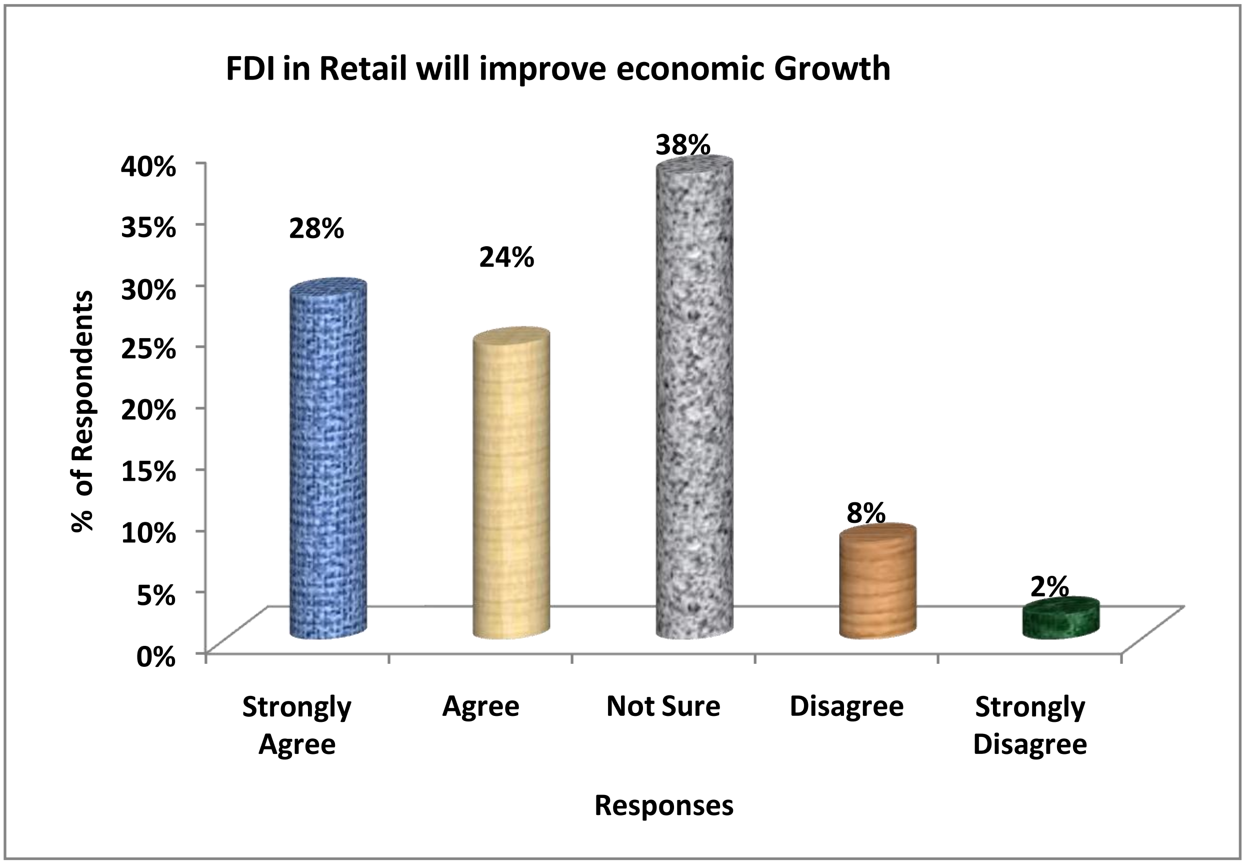

FIG. NO. 05

INTERPRETATION: As shown from the above question the majority of the experienced & working retail investors they have given their response as not sure that FDI in Retail will doesn't make any changes in Economic Growth.

5. Do you agree that FDI in Retail Boost Employment?

TABLE NO. 06

S. No.	Responses	% of Respondents
1	Strongly Agree	8%
2	Agree	16%
3	Not Sure	52%
4	Disagree	16%
5	Strongly Disagree	8%

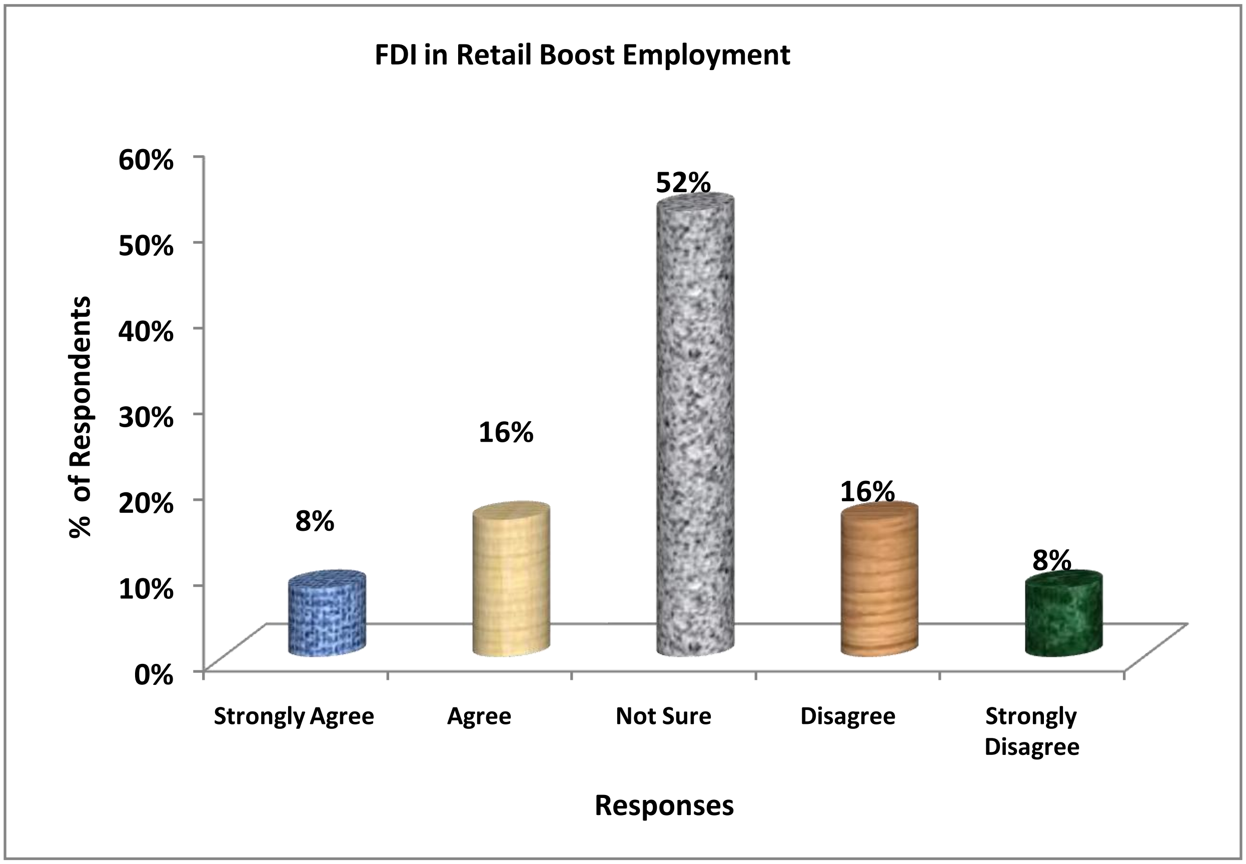

FIG. NO. 06

INTERPRETATION: As shown from the above question the majority of the experienced retail investors they have given their response as Not sure about the boosting up employment because of FDI entry in retail market.

6. Do you agree that Indian Government should open up other areas for FDI?

TABLE NO. 07

S. No.	Responses	% of Respondents
1	Strongly Agree	12%
2	Agree	30%
3	Not Sure	44%
4	Disagree	10%
5	Strongly Disagree	4%

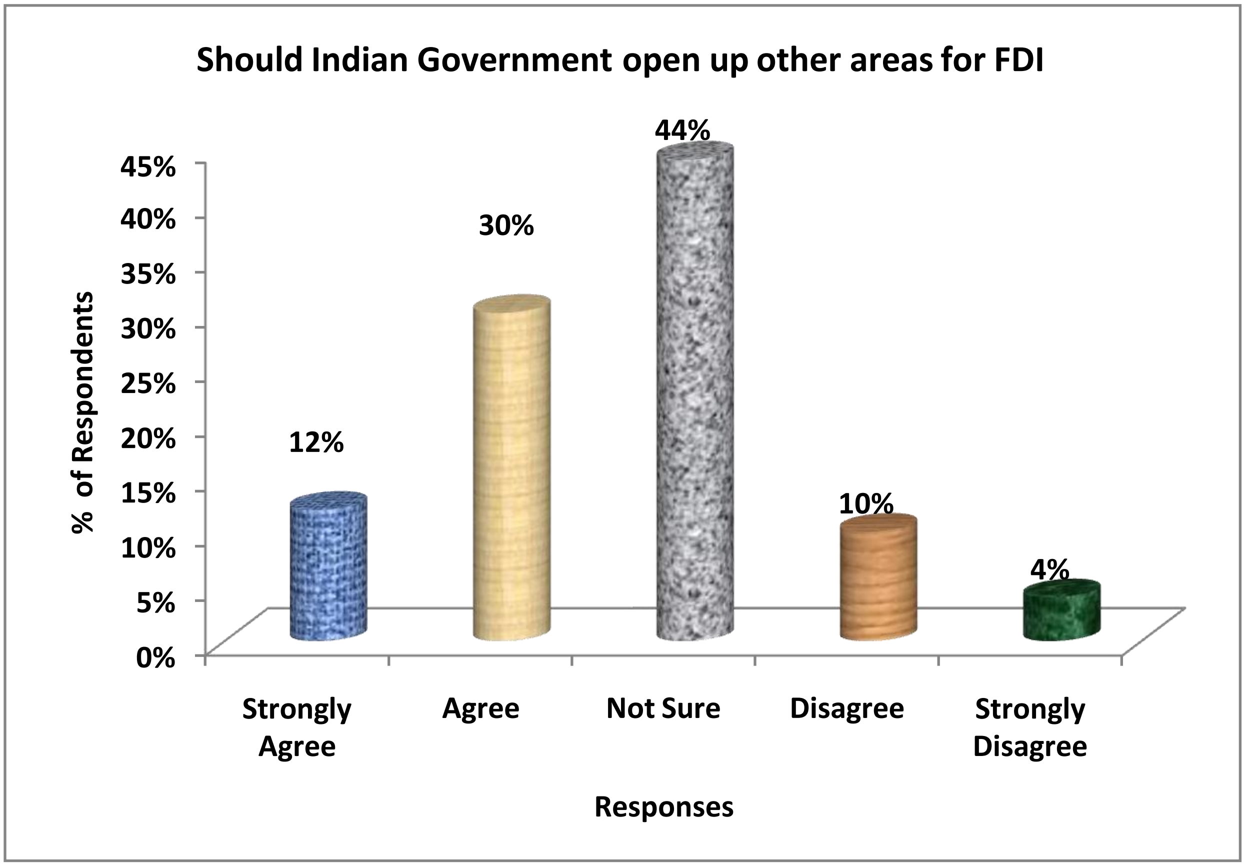

FIG. NO.07

INTERPRETATION: As shown from the above question the majority of the experienced retail investors they have given their response as not sure about the Indian Government setting or open up other areas for FDI in retail market.

7. Does FDI in retail benefit Farmers as told by many forums and debates?

TABLE NO. 08

S. No.	Responses	% of Respondents
1	Strongly Agree	28%
2	Agree	24%
3	Not Sure	32%
4	Disagree	6%
5	Strongly Disagree	10%

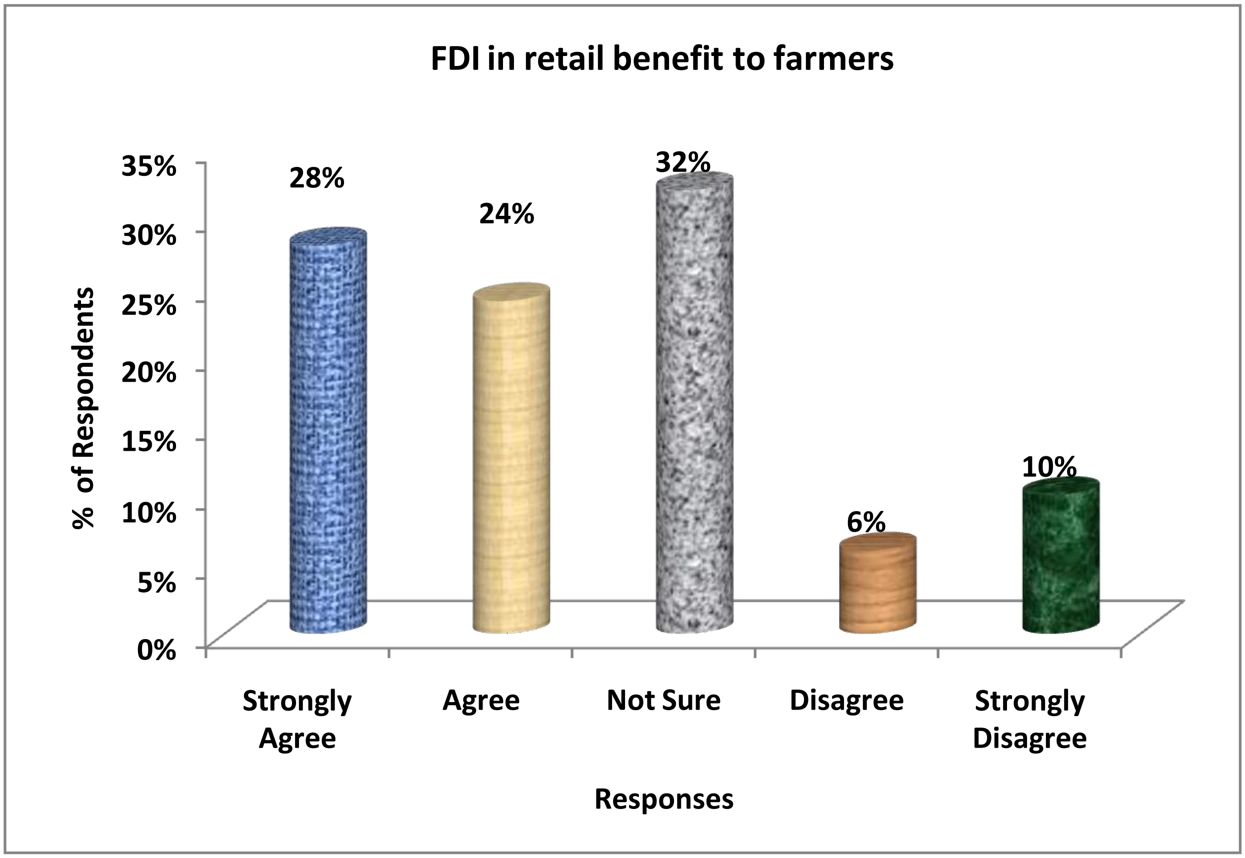

FIG. NO. 08

INTERPRETATION: As shown from the above question the majority of the experienced & retail investors they have given their response as Not sure about the benefits to the Farmers as we have seen so many forums and debates which they told on the topic of FDI in Retail.

8. Do you think that FDI in Retail should not be allowed in India?

TABLE NO. 09

S. No.	Responses	% of Respondents
1	Strongly Agree	10%
2	Agree	6%
3	Not Sure	54%
4	Disagree	18%
5	Strongly Disagree	12%

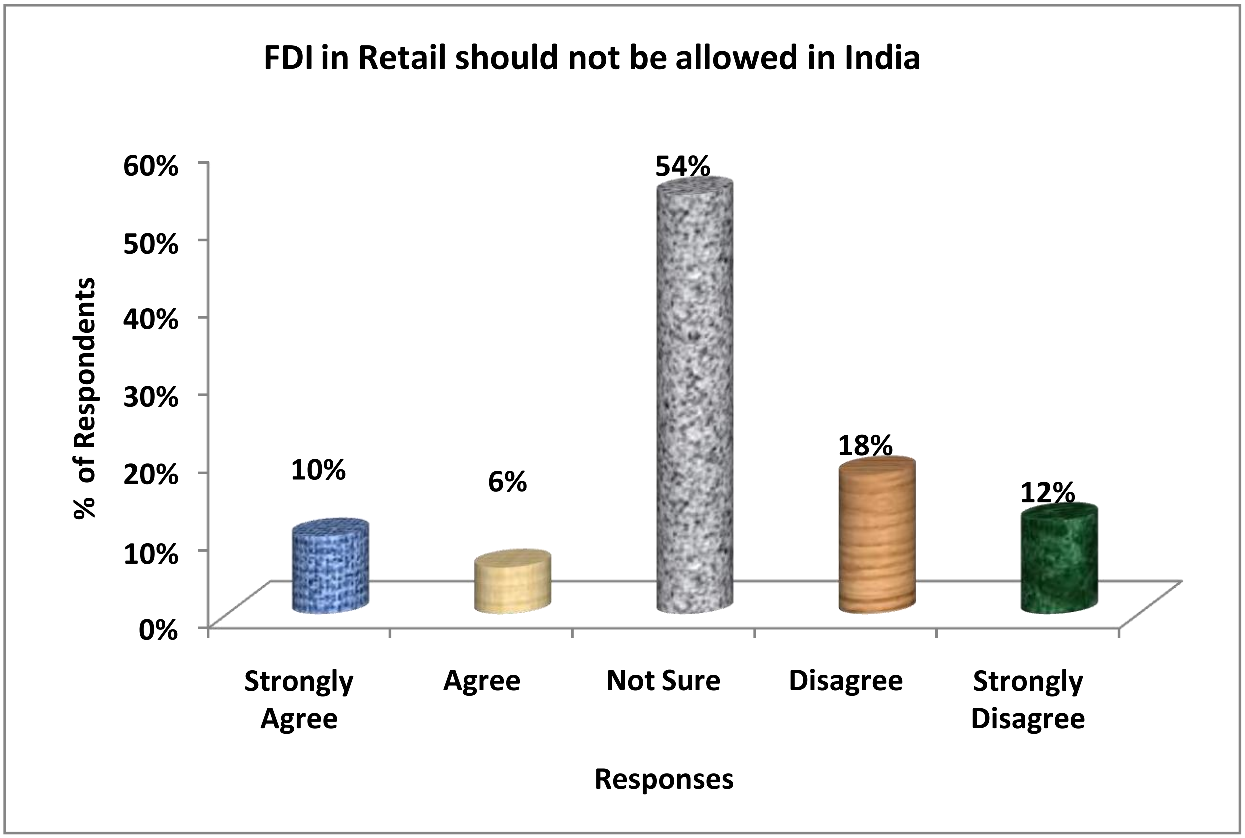

FIG. NO. 09

INTERPRETATION: As shown from the above question the majority of the experienced & retail investors they have given their response as not sure about the allowance of FDI in Indian Retail sector.

9. Do you feel that FDI in Retail will benefit the consumer's with respect to the product qualityand pricing?

TABLE NO. 10

S. No.	Responses	% of Respondents
1	Strongly Agree	14%
2	Agree	40%
3	Not Sure	34%
4	Disagree	10%
5	Strongly Disagree	2%

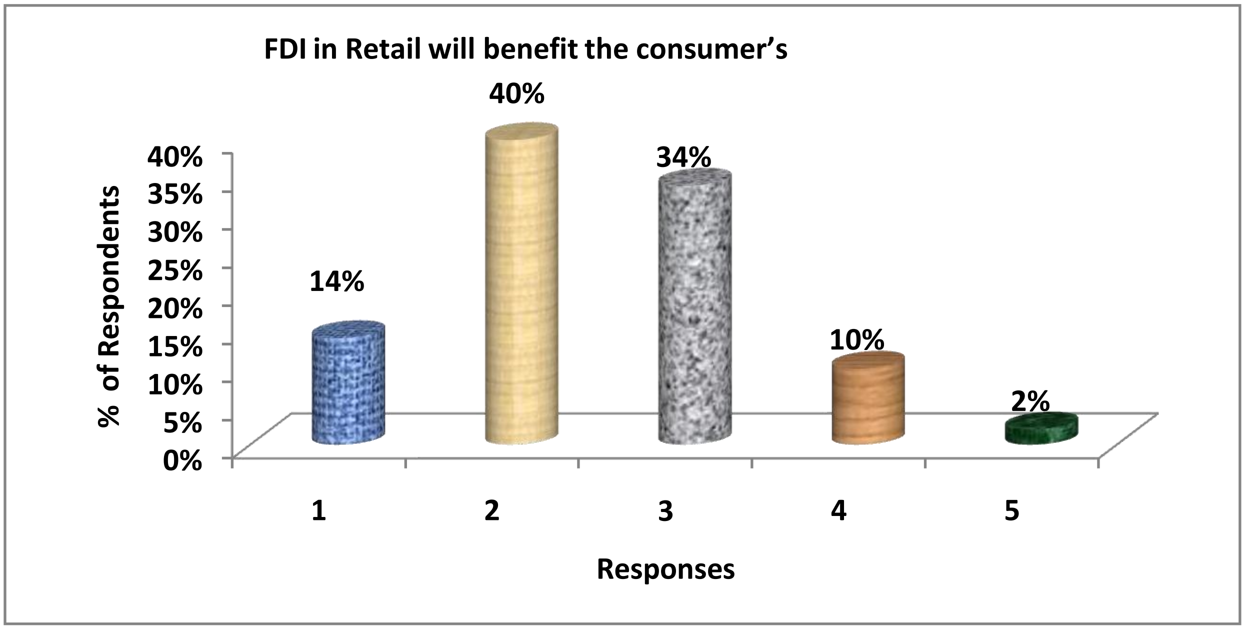

FIG. NO. 10

INTERPRETATION: As shown from the above question majority of the working class and retail investors do understand of what FDI in retail, they felt and agreed that FDI in Indian Retail will definitely benefit the consumers with respect to the product quality and pricing aspects.

9. FINDINGS

- Majority of the retailers who participated in the survey have expressed that they know about FDI in Retail.
- There is lot of coverage through print and Electronic media regarding FDI in retail and also the debate in the parliament has given decent exposure to people.
- Lot of participants have expressed the importance of FDI but more than 70% of them are not sure how it really impacts normal traders. There is lot of confusion among retailers of how it really impacts the economy.
- Govt. of India's approach of opening up economy to retail FDI is not really clear for common man to understand along with employment growth and other benefits to farmers. But there is a strong belief in the system that it would benefit consumers.
- The survey with retailers showed some awareness about FDI in retail but they really do not feel that it would impact their business.
- Majority of the retailers usually buy products from manufacturers and it was also found that there are too many distribution channels before a product reaches a retail shop.

10. SUGGESTIONS

- There should be more awareness camps and discussion forums to be started for consumers and people who do retail shopping.
- There should be strict conditions for the companies entering into India that they would buy local manufacturing and production rather than imports.
- The retailers should be educated the importance of FDI and also become a channel that this FDI in retail will also benefit them too.
- The Govt. of India should also limit the number of retail players per city rather than making it like a McDonalds model.
- The policy should also make sure quality and price are controlled properly.
- There should be more coverage in magazines and newspapers about the FDI.
- The Govt. should also look at other segments other than retail to be opened that would benefit the economy and growth.
- There should be continuous monitoring of the FDI operations ensuring that the development happens to the country along with employment.

11. CONCLUSION

- The Article has found that there is lot of ambiguity among retail customers and the shopkeepers regarding FDI in retail.
- There is also confusion to consumers and people of how it would benefit the economy, growth, employment, new product launches, product pricing etc…
- It is clear that there needs to be more education along with awareness to be created to both the retail shopkeepers and people of the country.
- There is also a strong belief and awareness about its benefit that it would bring to the farming community and the manufacturers.
- It also concludes that there would be a good reach of new products into the Indian Market.

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