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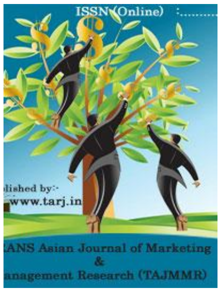

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GREEN MARKETING – A HEAD START FOR SUSTAINABILITY

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ABSTRACT

Since early 1990s, a major concern on ecological impact of industrial house on environment has been surfaced on marketplace. Not only the relation between human, organization and natural environment being redefined ,but the implication thereof arebeing interpreted; because of these, new perceptions are being formed or re-evaluated onissues like environmental friendly products, recycle ability, waste-reduction, the cost associated with pollution and the price value relationship of environmentalism. Pressure from various stakeholders, Govt., environmentalists, NGOs, consumers is placed on businesses, which in turn keeps them under constant and relentless watch in their daily operations. A direct result can be seen in developed and developing countries where Govt. became more strict in imposing regulations to protect environment; at the same time, the consumers of these countries are being more and more outspoken regarding their needs for environmentally friendly products, even though questions remain on their willingness to pay a higher premium for such products. So in this era where consumers determine the fate of a company, green marketing imparts a proactive strategy for these companies to cater the market by imparting nature-friendly products/ services which otherwise reduce or minimize any detrimental impact on environment. Green marketing must satisfy two objectives: improved environmental quality and customer satisfaction. This paper throws light on the concept and scope of Green Marketing and how it results in sustainability.

INTRODUCTION

"Progress is possible. No one can stop it, but obstacle is there, we have to face it".

--Amartya Sen.

Green marketing refers to the process of selling products and/or services based on their environmental benefits. Such a product or service may be environmentally friendly in itself or produced and/or packaged in an environmentally friendly way. The obvious assumption of green marketing is that potential consumers will view a product or service's "greenness" as a benefit and base their buying decision accordingly. The not-so-obvious assumption of green marketing is that consumers will be willing to pay more for green products than they would for a less-green comparable alternative product - an assumption that, in my opinion, has not been proven conclusively. While green marketing is growing greatly as increasing numbers of consumers are willing to back their environmental consciousnesses with their dollars, it can be dangerous. The public tends to be sceptical of green claims to begin with and companies can seriously damage their brands and their sales if a green claim is discovered to be false or contradicted by a company's other products or practices.

Green marketing subsumes greening products as well as greening firms. In addition to manipulating the 4Ps (product, price, place and promotion) of the traditional marketing mix, it requires a careful understanding of public policy processes. Clearly, green marketing is part and parcel of the overall corporate strategy (Menon and Menon, 1997). Along with manipulating the traditional marketing mix (product, price, place and promotion), it requires an understanding of public policy processes. Green marketing also ties closely with issues of industrial ecology and environmental sustainability such as extended producers' liability, life-cycle analysis, material use and resource flows, and eco-efficiency. Thus, the subject of green marketing is vast, having important implications for business strategy and public policy. Firms can 'green' themselves in three ways: value-addition processes (firm level), management systems (firm level) and/or products (product level). Greening the value-addition processes could entail redesigning them, eliminating some of them, modifying technology and/or inducting new technology – all with the objective of reducing the environmental impact aggregated for all stages. A steel firm may install a state-of-the-art furnace (new technology), thereby using less energy to produce steel. Firms could adopt management systems that create conditions for reducing the environmental impact of value-addition processes. A good example is the Responsible Care program of the chemical industry, which establishes systems to promote environmental, health and safety objectives. However, management systems' efficacy for greening value-addition processes is difficult to quantify if they are not accompanied by performance measures. Thus, by having measurable (therefore, easily monitored and understood) performance indicators, firms can make verifiable claims about the environmental impact of their management systems. Conceivably, consumers may reward such firms, if they can easily access and interpret such information. The third greening strategy pertains to products. Building on Charter (1992), this could take place in the following ways: (i) repair – extend the life of a product by repairing its parts; (ii) recondition – extend the life of a product by significantly overhauling it; (iii) remanufacture – the new product is based on old ones; (iv) reuse – design a product so that it can be used multiple times; (v) recycle – products can be reprocessed and converted into raw material to be used in another or the same product – and (vi) reduce – even though the product uses less raw material or generates less disposable waste, it delivers benefits comparable to its former version or to competing products.

In addition, greening products could include 'designing for the environment' and devising new institutions to reduce environmental impact of product use by developing systems to replace dominant pattern of private ownership and use (as in cars) by a mix of collective and private use (through leasing and renting). Firms may choose to green their systems, policies and products due to economic and noneconomic pressures from their consumers, business partners (the market environment), regulators, citizen groups and other stakeholders (the nonmarket environment).

EVOLUTION OF GREEN MARKETING

The green marketing is evolved over a period of time. According to Peattie (2001), the evolution of green marketing has three phases. First phase was termed as "Ecological" green marketing and during this period all marketing activities were concerned to help environment problems and provide remedies for environmental problems. Second phase was "Environmental" green marketing and the focus shifted on clean technology that involved designing of innovative new products, which take care of pollution and waste issues. Third phase was "sustainable" green marketing. It came into prominence in the late 1990s and early 2000.

LITERATURE SURVEY

David Baron (1995) has argued, market and nonmarket environments impact each other. Thus, firms need to adopt an integrated approach to their market (in the context of household consumers in the discussion below) and nonmarket strategies. Recent polls report that 87% of U.S. adults are concerned about the condition of the natural environment (Phillips,1999), 80% believe that protecting the environment will require major changes in current life-styles (Ottman, 1996) and 75% consider themselves to be environmentalists (Osterhus,1997). Not surprisingly then, some scholars believe that consumers are willing to pay premiums for green products because consumers often prioritize green attributes over traditional product attributes such as price and quality: 50% of Americans claim to look for environmental labels and to switch brands based on environment-friendliness (Phillips, 1999). However, the caveat is that such claims and attitudes may not always translate into actual behaviors (McGuire, 1985). One reason could be the social pressures to be 'green' (Ritchie and McDougall, 1985). Some scholars claim that green policies/products are profitable: green policies can reduce costs; green firms can shape future regulations and reap first-mover advantages (Porter and van der Linde, 1995; for a critique, see Rugman and Verbeke, 2000). However, this does not seem to be the norm within and across most industries. Many believe that green policies are expensive; especially after the initial gains – the 'low hanging fruit' – in reducing end-of-the-pipe pollution have been harvested (Walley and Whitehead, 1994). As a result, firms often need to charge premium prices for green products. Of course, if green products were cheaper than other products, their premium pricingwould be less of an issue for consumers. The above discussion raises two issues regarding consumers' benefit–cost calculus: first, whether consumers regard greenness of products/firms as 'hygiene' or 'motivating' factors, and second, to what extent green products create social benefits but impose private costs. Extending Maslow's (1943) theory, Herzberg (1966) developed a theory of work motivation that focused on two work-related factors: those that motivated employees (motivators) and those that prevented dissatisfaction among them (hygiene). As discussed in Prakash (2000), a key challenge for marketers is to understand whether consumers view firm/product greening as motivating factors (their presence induces consumers to purchase a given product; preference for a product is an increasing function of the greening level) or hygiene factors (their absence may bother consumers but, after a low threshold of greening, the preference for a product is not an increasing function of the greening level).An important strategic reason for green marketing is that it could help firms to pre-empt command-and-control regulations that often hurt their profits (Fri, 1992), and enable them to shape future regulations, thereby reaping first-mover advantages. Championing stringent product and process standards will be attractive to technologically advanced firms since they could claim to be virtuous, and at the same time, raise rivals' cost of entry – the assumption being that higher standards will lead to stringent regulations (Barrett, 1991; Salop and Scheffman, 1983). Toward this end, firms could rally support from key stakeholders that are often anti-business, the alliance between 'Baptists and the Bootleggers', as Vogel (1995) puts it. Thus, firms pursuing economic objectives could strategically employ institutional, stakeholder and/or CSP arguments for adopting green marketing.

PRODUCT

The ecological objectives in planning products are to reduce resource consumption and pollution and to increase conservation of scarce resources (Keller man, 1978).

PRICE

Price is a critical and important factor of green marketing mix. Most consumers will only be prepared to pay additional value if there is a perception of extra product value. This value may be improved performance, function, design, visual appeal, or taste. Green marketing should take all these facts into consideration while charging a premium price.

PROMOTION

There are three types of green advertising: Ads that address a relationship between a product/service and the biophysical environment. Those that promote a green lifestyle by highlighting a product or service Ads that present a corporate image of environmental responsibility.

PLACE

The choice of where and when to make a product available will have significant impact on the customers. Very few customers will go out of their way to buy green products.

STRATEGIES

The marketing strategies for green marketing include: Marketing Audit (including internal and external situation analysis)Develop a marketing plan outlining strategies with regard to 4 P's Implement marketing strategies Plan results evaluation

CHALLENGES AHEAD

Green products require renewable and recyclable material, which is costly Requires a technology, which requires huge investment in R & D Water treatment technology, which is too costly. Majority of the people are not aware of green products and their uses. Majority of the consumers are not willing to pay a premium for green products. McDonald's restaurant's napkins, bags are made of recycled paper. Coca-Cola pumped syrup directly from tank instead of plastic which saved 68 million pound/year. Badarpur Thermal Power station of NTPC in Delhi is devising ways to utilize coal-ash that has been a major source of air and water pollution. Barauni refinery of IOC is taken steps for restricting air and water pollutants.

GREEN MARKETING STRATEGIES

Marketing literature on greening products/ firms builds on both the societal and social marketing research. Societal marketing implies that organizations (governments, businesses and nonprofits) need to determine the needs of target markets and to deliver the desired satisfactions in a way that enhances the consumer’s and the society’s well being. Social marketing focuses on designing and implementing programs that increase the acceptability of a social idea, cause, or practice in (a) target group(s) (Kotler, 1994). Traditionally, marketers focus on individual needs for designing/marketing products to best serve these needs. This approach is predicated on two assumptions. First, individuals are motivated by the promise that products will satisfy their needs at outlays acceptable to them. Second, individual actions do not have significant externalities (the divergence between public and private costs/benefits), positive or negative. The presence of externalities often instigates actions from the nonmarket environment, mainly in the form of governmental regulations. Unlike traditional marketers, social and societal marketers seek to persuade consumers to alter their behaviors that have significant externalities. However, these behavioral modifications may not directly/sufficiently benefit consumers or the benefits may also be no excludable. In addition, social marketing literature suggests that consumers’ incentives may be eroded if they believe that their actions alone may not enhance the community’s welfare**.**

IMPORTANCE OF GREEN MARKETING:

Since early 1990s, a major concern on ecological impact of industrial house on environment has been surfaced on marketplace. Not only the relation between human, organization and natural environment being redefined ,but the implication thereof are being interpreted; because of these, new perceptions are being formed or re-evaluated on issues like environmental friendly products, recycle ability, waste-reduction, the cost associated with pollution and the price value relationship of environmentalism. Pressure from various stakeholders, Govt., environmentalists, NGOs, consumers is placed on businesses, which in turn keeps them under constant and relentless watch in their daily operations. A direct result can be seen in developed and developing countries where Govt. became stricter in imposing regulations to protect environment; at the same time, the consumers of these countries are being more and more outspoken regarding their needs for environmentally friendly products, even though questions remain on their willingness to pay a higher premium for such products. So in this era where consumers determine the fate of a company, green marketing imparts a proactive strategy for these companies to cater the market by imparting nature- friendly products/ services which otherwise reduce or minimize any detrimental impact on environment.

CONCLUSION

In this scenario of global concern, corporate houses has taken green-marketing as a part of their strategy to promote products by employing environmental claims either about their attributes or about the systems, policies and processes of the firms that manufacture or sell them. Clearly green marketing is part and parcel of overall corporate strategy; along with manipulating the traditional marketing mix(product, price, promotion and place) , it require an understanding of public policy process. So we can say green marketing covers a broad range of activities. Different writers has given different definition about green marketing which tried to cover all major components of green marketing.

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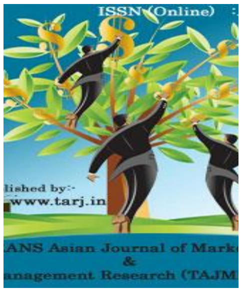

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EMERGING GROWTH MODEL FOR MICRO FINANCING INSTITUTIONS – BANKS OR NON BANKING FINANCE COMPANIES

Dr. S. N. Ghosal*

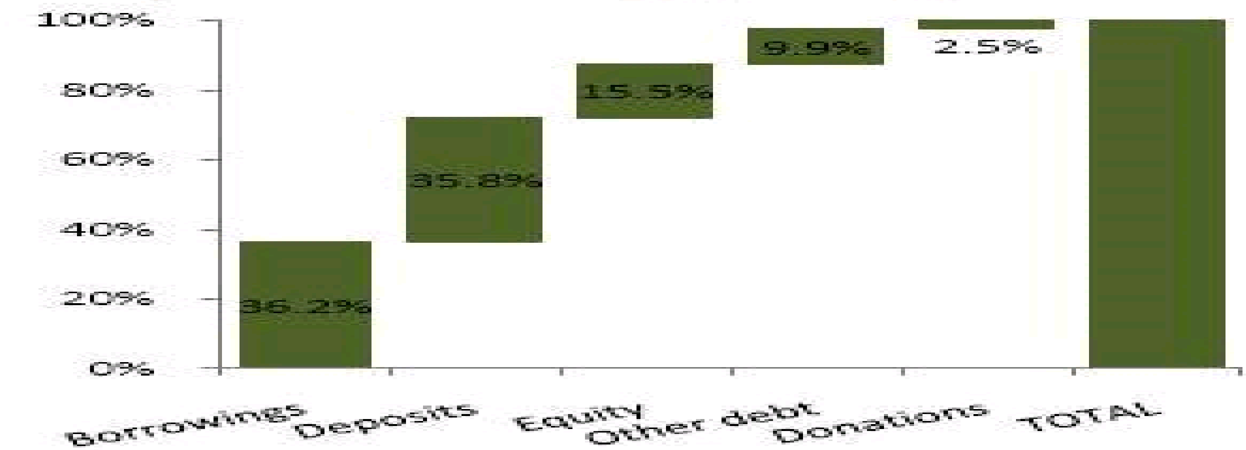
INTRODUCTION

In recent years there is sudden spurt of growth could be observed in micro financing institutions. These could be largely attributed to increasing stress given for inclusive growth and apparent success perceived in micro financing institutions to outreach poor on a sustainable business model. So much so the pioneer of MFI Mohd.Yunus gave a call to youths to seize the opportunity to build a sustainable business model for poor by developing MFIs with the help of innovative technology to outreach them with least cost and maximum benefits.

STRATEGY ADOPTED

However at present these institutions are in a transition stage from self help group and donor driven to an increasingly looking for sourcing funds from banks and also from the capital markets through bonds and equities particularly through private equities and foreign institutional investors. An in-depth look would reveal that most of these institutions that have attained some success and matured enough to comprehend modalities of financial markets have taken recourse to diverse sources including securitization of loans.

Figure 1: MFI Funding by Source, 2007



Source: MIX 2006-07 MFI benchmark data
Note: Equity includes paid-in capital and retained earnings; Other debt includes concessionary loans and compulsory savings

GROWING INTEREST OF OUTSIDE INVESTORS

In fact of late it could be observed that world over the investors have been evincing enhanced interest in these institutions as these are becoming highly rewarding and therefore such investors are increasingly participating and building their investment portfolio geared towards poverty alleviation programs of micro financial institutions particularly those who are growing and generating profit that could attract investors and help developing own resource to sustain their growth.

IMPACT AND RECENT TREND OF INVESTORS INTEREST

It has been rightly observed by VINOD KHOSLA – a venture capitalist- that such interest of investors in MFIs is ‘one of the most important economic phenomena since the advent of capitalism and ADAM SMITH. In fact to illustrate the impact of such interest could be gauged from the phenomenal growth of SHARE- an MFI in INDIA- which was just a NGO in 1992 could develop more than 10 million client base and have about 4 million rupee portfolio today. Further it would be interesting to note that it is still growing. Similarly SKS MICROFINANCE one of the biggest microfinance company in India is one of the top attraction of foreign and Indian investors. Sequoias, a California based venture capital fund was one of the early investors in SKS as it started investing since March 2007. Some of the latest investors in SKS are CATARMAN MANAGEMENT SERVICES- a fund started by NARAYAN MURTHY of INFOSYS in India. In fact this is the first investment by the fund with a corpus of 600 crore. It has invested little over 28 crore. Further the company has recently taken a decision to raise 1150 crore through I.P.O. and for this necessary steps have already been initiated. To CRISIL the company which received NBFC license from RBI in 2006 have 5.3 million customer bases and at present it is India's largest MFI on the basis of value of loans outstanding, number of branches and number of borrowers. It would be interesting to note that SKS was founded by VIKRAM AKULA of MCINSEY in 1997 as a NGO and converted it into NBFC in 2005. Further it needs to be highlighted that AKULA has already diluted his shareholding to 6% by selling his stake to private equity investors. It is true as has been observed by VINEET RAI of INTELLECTUAL CAPITAL ADVISORY SERVICES that 'SKS public offer is the first such offer by an MFI but not the last, with a pipeline of such public offers.' Similarly VIREN H MEHTA of ERNST & YOUNG has very aptly opined that 'any entity which is first in its breed, industry or section, to go for an IPO (initial public offerings) gives signal of coming of age of that industry.'

In fact in fiscal year 2009-10 MFIs have added 8, 5 million customers and thus their customer base has reached the level of 22.6 million i.e. attaining a growth of 60%. Their growth of credit flow is still higher almost 97%--from 5,950 to 11.734 crore. Similarly with regard to the growth of customer base SPANDAN achieved the highest growth rate of 104% and the second and third best are BANDHAN AND SKS.—97% AND 87% respectively.

EFFECT OF SUDDEN GROWTH

Such phenomenal growth no doubt is a commendable feature but equally its sudden spurt of growth would throw up many challenges and problems that need to be examined and resolved to avoid any future crisis or fall. In fact some of the obvious issues that have to be addressed could be summed up as follows:

1. there is growing dearth of efficient and well groomed managers to face the emerging challenges arising from the sudden spurt of growth due to sudden flow of fund in these institutions;

2. mangers in MFIs need to comprehend management practices and strategies in a holistic manner with its socio economic dimension but that is not happening;

3. liquidity management is the key challenge for MFIs as their client groups both investors and borrowers belong to almost diametrically opposite category both economically and socially and therefore look for different types of rewards and returns and therefore it has become an altogether different type of challenge;

4. since financial sustainability is paramount for an organization to become an effective service provider it has to be manned by a management team with better sense of empathy and understanding of people and fund.

5. It has to raise money from the capital market to be in a position to reduce their lending rates. In fact it has started happening with increasing investments of outside venture funds. In one of their (investor company) it has been revealed that the lending rates of MFIs have come down to an average of 29% in 2010 from 2001.

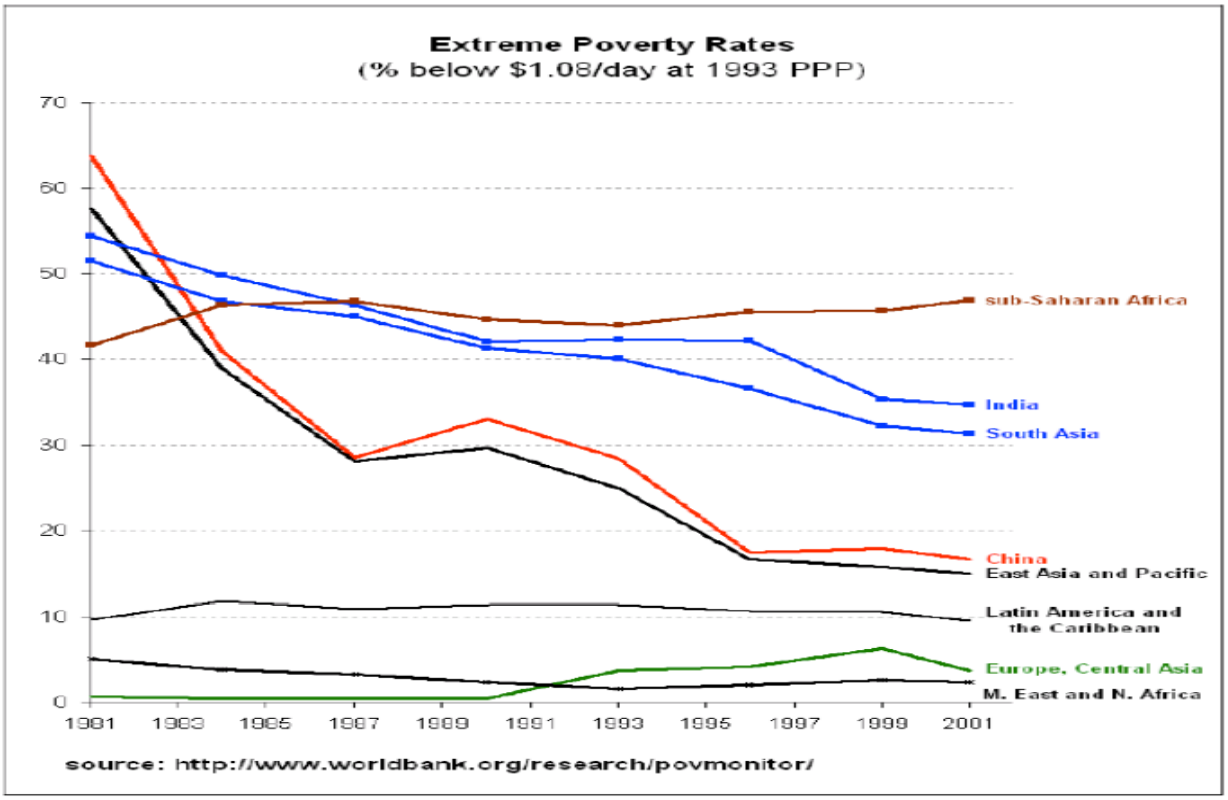
ASSESSMENT OF PRESENT POSITION

It is revealing from a study made by ACCESS of some 230 MFIs that though the industry is growing fast but all MFIs are not running profitably. In fact one out of three MFIs in India made losses in the year 2009. Further it has brought out that larger number of small MFIs i.e. those having a loan portfolio of not more than 5 crore have suffered losses. It is true that report has also highlighted that in the year 2009 on an average most of them have been able to recover their loans up to 99%.

A REVEALING STUDY OF FINANCIAL MANAGEMENT CAPABILITY OF POOR PEOPLE

An interesting study has been made by D COLLINS, J MORDOUCH, S RUTHERFORD & O RUTHVEN on the Portfolios of the Poor. It is not only highly revealing but also provides a very educative and emulative insight on financial management by the poor. The authors of the book “Portfolios of the Poor” have collected financial diaries of the poor people of different countries and have come out with a startling revelation that poor does not live hand to mouth as is commonly believed. In fact poor people particularly woman member of the household generally are endowed with qualities like frugality almost inherently and therefore applies a complex combination of financial budgeting to keep the family afloat. It is obviously first of all hard labor and further the added quality of high level of sacrifice that enables them to keep the family afloat even with paltry income. Strangely enough these are psychological and social straights of character and not necessarily always economic. The authors have provided evidence of maturity and comprehension with which poor people manage their finance despite apparent hardship and limited earnings. In fact authors have revealed how poor woman in most of the countries are joining and or forming saving clubs and or groups to create their own ‘money guards’. It is interesting to find that diaries of the poor reveal that they are not worried if they do not have enough money but they are seriously feel aggrieved if they are unable to manage with that meager income. Over the years they have been developing ingenious ways to manage without perturbing family members as far as possible. It shows that they have inherent qualities of sound financial management. Their diaries do reveal that they earn more on some days and less on other days but still they are able to juggle out so much dexterity to maintain their families with so little money. Such startling revelation could provide a better base to formulate policies and institutions to combat poverty. It may be highly probable that Mohd. Yunus also had the opportunity to observe this ingenious method of financial management of female members of households and that gave him the vision of GRAMEEN BANK. In fact broad economic surveys on which most of the strategies for poverty alleviations are formulated are not as much revealing and rewarding in building an effective strategy and or institution for amelioration of poverty as perhaps the book on PORTFOLIOS OF THE POOR. In fact the multilayered portfolios of equity and debt need to be designed to help poor to avail these and make their financial management more sophisticated particularly due to the rising trend of poor people in some countries and slow rate of deceleration in other countries as would be evident from the following diagram.

FIGURE II POVERTY GROWTH



LESSONS TO BUILD A HEALTHY MODEL

In view of these it would be necessary to conceive a model of MFIs that would not only create a group of poor women in villages but also to develop a cluster for any such economic activities that could be pursued by the group formed for lending. This way these institutions would provide not only consumption loans but also trading, manufacturing and marketing loans. For this it would be imperative for MFIs to become a subsidiary of a rural bank or commercial bank with rural branches and rural portfolio. It is true today MFIs are in a transition stage from self help group driven and donor funded institution these are rapidly emerging as bank funded and private equity funded and soon outreach capital market by offering shares to the public. It is true that MFIs originated with an assumption that empowerment of women to manage family finance would help alleviation of poverty. But with the growth of MFIs and on acquiring intimate knowledge of financial health of rural poor it is increasingly felt that merely providing supplemental income and that too for a short period would not help poor family to come out from poverty trap and in fact such a strategy may ultimately lead them to debt trap. Any insider of MFIs if asked in confidence would admit the growing trend of multiple borrowings from competing MFIs and or financial institutions and money lenders.

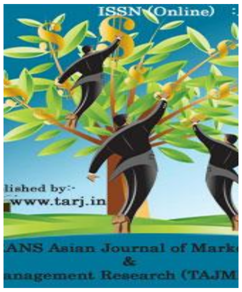
Ultimately the age old adage that 'loan repays the loan' has become the order of the day with almost all MFIs some perhaps are aware of and some may not be aware of the same or may even pretend to have no knowledge of the same.

SUGGESTED MODEL

It has therefore become imperative that MFIs need to be constituted to empower poor both by funding and training to become an entrepreneur to be in a position to run a sustainable business with confidence and competence. This would be feasible only when MFIs are strengthened both in management competence and fund adequacy by banks- particularly the public sector banks – by adopting them or making them as their subsidiary under public private partnership model. Such an institution could transform the village economy as vibrant as that of urban areas and also help government to implement their rural development schemes with greater degree of success and lesser degree of leakages. NREGA will no longer remain a scheme of digging and filling of mud or just sitting idle, as no job could be identified by the administrative wing of the program, but getting wage as per the provision of the scheme. In fact MFIs could conceive and plan projects both in farming, marketing and domestic industries like sewing clothes, making shoes and furniture etc. These could be not only funded but also supported by management inputs needed to fill up any inadequacy observed in these areas among villagers. It would also be helpful to develop entrepreneurs by providing village youth both men and women to help them to conceive and run their own enterprises.

MFIs – BANK OR NBFC

It could be concluded that the future of MFIs depend on either becoming a bank on their own or become a subsidiary of a public sector bank and come out of the groove of providing only consumption loan to supplement income of a poor family but try to transform village economy through project financing on a cluster basis and become one of the stakeholders of business enterprise of village poor people for sometime till these people could run on their own like venture capitalist. Indeed one need not stress that for economic transformation economic institutions are more effective as compared to political institutions. However since private interest would be lukewarm or even exploitative it has been suggested that such institutions could be created on PPP model as that way government will have direct control and would get the benefit of private fund and private management expertise. It would also do away the proposed creation of a separate law and regulatory authority for MFIs. It is obvious therefore that NBFC format would not be able to undertake the revisited strategy as has been highlighted here



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RELATIONSHIP BETWEEN RETURNS AND VOLATILITY IN INTERNATIONAL STOCK MARKETS

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ABSTRACT

The aim of this study is to analyse the risk return relationship and compare the volatility pattern of Indian & Australian stock market. Indian economy is an emerging economy and Australian economy is one of the developed economies of the world. NSE nifty & AS 200 index have been used to proxy the Indian & the Australian stock markets respectively. Using data over 10 years period, empirical evidence indicates that volatility clusters in both the markets. Persistence in volatility is higher in Australian Stock Market as compared to Indian Stock market. Asymmetries in return are present in both the markets which means that volatility rises more in declining market. Also, risk in both the markets is not significantly related to return.

KEYWORDS: *GARCH, EGARCH, ARCH-m, Volatility.*

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. 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 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 Leptokurtosis, Volatility clustering &Heteroskedasticity. 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 is 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 will 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.

In this study, the volatility pattern of a developed (Ausrtalia) and developing economy (India) has been studied and compared to find for any difference in the volatilities of the two and wheter these markets offer any premium for taking additional risk. Low level of volatility and informational efficiency is considered to be a symptom of a developed economy. High level of volatility and slower information dissemination is considered to be a symptom of a developing economy. GARCH and EGARCH techniques have been used to capture the volatility dynamics and ARCH-m model has been used to study the relationship between risk & return.

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.

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.

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.

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.

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.

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 explore a 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 to a 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 from Jan 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.

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.

DATA & PRELIMINARY STATISTICS

To model the volatility of Indian & Australian Stock Market, we have used daily closing prices of the most popular stock index i.e. S&P Nifty & SNPAS200 index as proxy to the Indian & Australian stock market respectively. S&P CNX Nifty is an index representing 50 most liquid stocks of the Indian stock market and represents around 67% of market cap. The S&P/ASX 200 is recognized as the institutional investable benchmark in Australia. The index is a highly liquid index & covers approximately 80% of Australian equity market capitalization.

The data period ranges from October 2001 to December 2010.

The data has been collected from www.yahoofinance.com and has been analysed using Eviews 5 software.

ANALYSIS OF DATA

The closing price series of both the indices has been converted into continuously compounded logarithmic returns using formula:

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

Where

r_t = continuously compounded logarithmic return

p_t =daily closing value of index at day t and

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

After converting closing prices into continuously compounded logarithmic returns, the stationarity of the series has been checked using ADF test statistic. Table 1 provides the result of ADF test statistic. Table 2 provides the descriptive statistics of the return series. Fig. 1 and fig. 2 are graphs of the stationary return series. Table 3 reports the result of the ARMA(3,3) GARCH(1,1)model used in our analysis. Table 4 reports values of EGARCH (1,1) & Arch in mean.

TABLE 1. : ADF TEST STATISTIC

	ADF test statistic	**Prob**
Return AS200	-51.16718	0.00
Return Nifty	-45.01526	0.00

TABLE 2. DESCRIPTIVE STATISTICS

	RETNIFTY	**RETAS200**
Mean	0.000795	0.000162
Median	0.001563	0.000336
Maximum	0.163343	0.056282
Minimum	-0.130539	-0.087043
Std. Dev.	0.016823	0.010884
Skewness	-0.281642	-0.486737
Kurtosis	11.95609	9.48783

Jarque-Bera	7710.633	4121.041
Probability	0	0
Observations	2298	2298

FIG 1: GRAPH OF STATIONARY AS200 RETURN SERIES

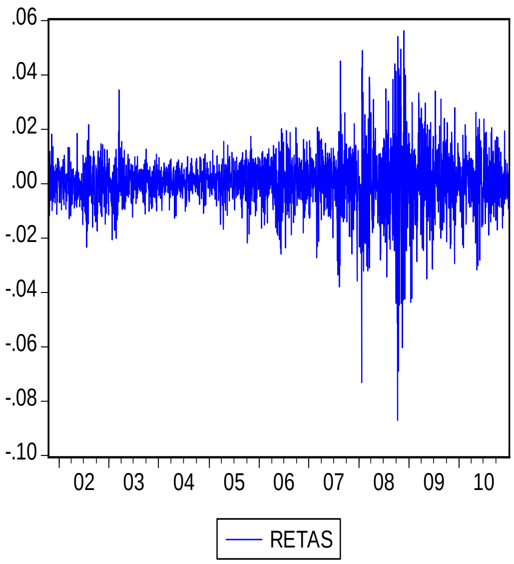
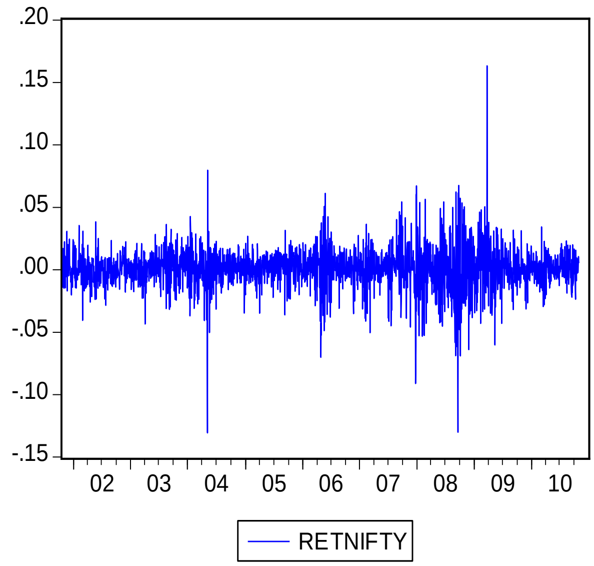


FIG 2: GRAPH OF STATIONARY NIFTY RETURN SERIES



Result of table 1 shows that both the series have become stationary after conversion of closing prices into return series. The descriptive statistics shown in table 2 report a deviation from normality which has also been confirmed by JB test statistic. Moreover , mean return has been higher in the Indian stock market than the Australian stock market. The skewness is negative for both the markets which shows the tendancy of returns to be negative in both the markets. However, the risk as measured by standard deviation is higher for the Indian stock market than the Australian stock market. The Range is also quiet higher for Indian returns.

The graph of the stationary series reveals some interesting pattern of the financial timeseries i.e volatility clustering, mean reversion and heteroskedasticity. Positive returns tend to be followed by positive returns and negative returns are followed by more negative returns. Also variance in both the series is not constant. The variance of return seems to be higher for the Australian stock returns in the later part of the graph.

After satisfying about the nature of the data, ARMA (3,3) -GARCH (1,1) model has been used.

Using box Jenkins methodology, mean equation has been formulated as ARMA(3,3) model and then the residuals have been checked for autocorrelation & heteroskedasticity. The resllt of

ARCH LM model has been reported in APPENDEX in table 1. After that GARCH (1,1) model has been used . The result of GARCH (1,1) model has been given in table 3 below:

TABLE 3: GARCH (1,1) MODEL

Coefficients	**AS200**	**Nifty**
Constant	5.07E-07 (0.0091)	6.21E-06 (0.0000)
ARCH term	0.083141 (0.0000)	0.132363 (0.0000)
GARCH term	0.913955 (0.0000)	0.847204 (0.0000)

(values in the parenthesis are the p- values)

The result in table 3 show that all the coefficients are significant at 5% level. The value of ARCH term (new news coefficient) is higher for Indian returns and lower for Australian return and GARCH term also known as old news coefficient is lower for Indian returns and high for Australian returns. Samanta and Samanta (2007:61) state that the GARCH equation has two effects: the effect of recent news to the market (ARCH effect) and the effect of the old news to the market (GARCH effect). Following this, Indian market can be inferred to be more efficient than the Australian stock market .

Also the persistence in volatility sum of ARCH & GARCH term is 0.99 and .97 for the Australian and the Indian stock market respectively which means a shock to a volatility dies at a slower rate in the Australian market as compared to the Indian market. However, the persistence is high in both the markets.

The histogram of residuals of the GARCH (1,1) equation have been reported in fif 1 (a) & (b) in Appendix. The skewness of the residuals is negative indicatinf levegage effect in both the markets. To catch the asymmetries, EGARCH (1,1) has been applied. Also to check for the relation in risk and return i.e if any of the markets provide risk premium, ARCH in mean has been used . result of EGARCH(1,1) & ARCH- m have been reported in table 4 below.

TABLE 4 : EGARCH(1,1) & ARCH IN MEAN

Coefficients	**AS200**	**Nifty**
EGARCH	-0.107244 (0.0000)	-0.111423 (0.0000)
Arch in mean	-0.249606 (0.9170)	0.621979 (0,7261)

The leverage coefficient fo EGARCH (1,1) is significant and is negative for both AS200 & Nifty, which shows the presence of leverage effect in both the stock markets. The coefficient of leverage is higher (more negative) for Indian stock market, which shows that volatility in Indian markets reacts more to bad news than good news compared to Australian market.

Also the result of ARCH- m (ARCH in Mean) model shows that none of the markets offer any risk premium. Means an investor is not compensated for higher risk in both the markets as the coefficient of risk is not significant.

CONCLUSION

The present study aims at making a comparison of the volatility pattern in two different capital markets i.e India & Australia. The study employs data over ten years period. The result of the study indicates that both the Indian & the Australian stock markets show similar patterns of volatility. Volatility is persistent in both the markets. However, empirical evidence shows that informational efficiency is higher for the Indian Stock market . Leverage effect is present in both the markets but higher for Indian market. None of the markets offer any risk premium. The coefficient of risk premium is insignificant in both the markets.

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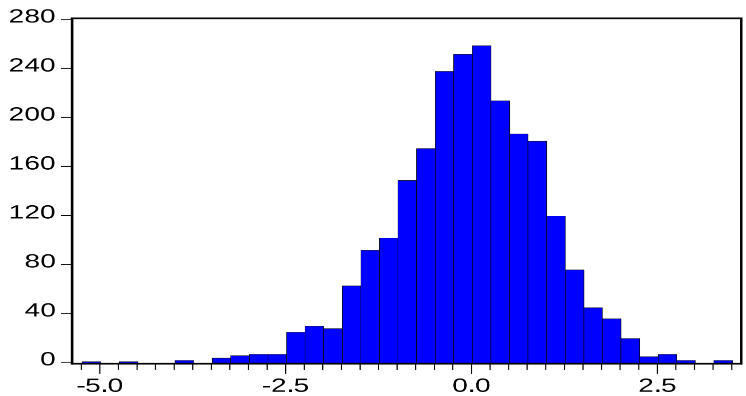
APPENDIX

TABLE 1. ARCH LM TEST

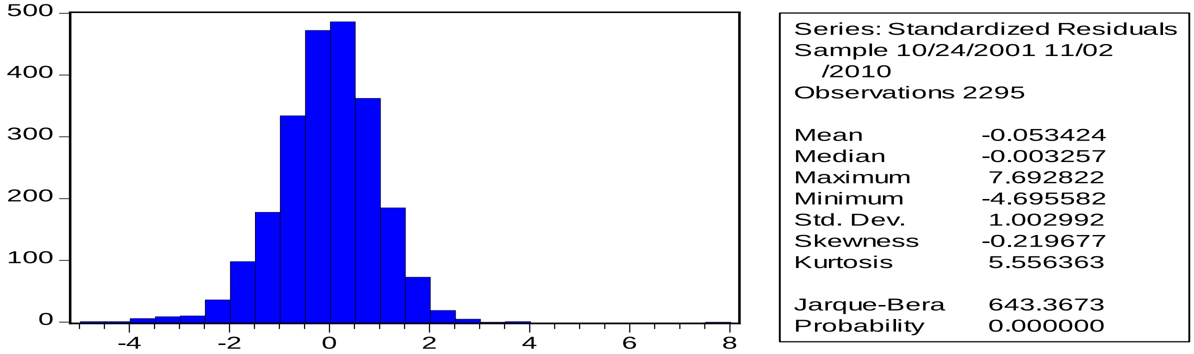
	F- statistic	**P value**
AS 200	61.89434	0.0000
Nifty	22.01736	0.0000

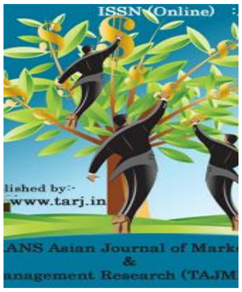
FIG 1 (A) HISTOGRAM OF RESIDUALS AFTER GARCH (1,1) FOR AS200



Series: Standardized Residuals	
Sample 10/24/2001 12/31 /2010	
Observations 2336	
Mean	-0.051059
Median	-0.017077
Maximum	3.425140
Minimum	-5.111972
Std. Dev.	0.999746
Skewness	-0.328459
Kurtosis	3.724547
Jarque-Bera	93.10035
Probability	0.000000

FIG 1 (B) HISTOGRAM OF RESIDUALS AFTER GARCH (1,1) FOR NIFTY


500
400
300
200
100
0
-4
-2
0
2
4
6
8
Series: Standardized Residuals
Sample 10/24/2001 11/02/2010
Observations 2295
Mean -0.053424
Median -0.003257
Maximum 7.692822
Minimum -4.695582
Std. Dev. 1.002992
Skewness -0.219677
Kurtosis 5.556363
Jarque-Bera 643.3673
Probability 0.000000



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LEARNED PREFERENCES OF HEALTH SEEKING BEHAVIOUR AND UTILIZATION OF RSBY CARD

Prof. Pratibha J. Mishra*; Ajeesh Sebastian**

ABSTRACT

Indian health scenario is known for the out of pocket expenditure and resultant poverty trap. Considering these situation, Government of India has launched RashriyaSwasthyaBimaYojana (RSBY) for addressing the health expenditure related with health seeking behaviour of the population especially the vulnerable sections. As the Indians health seeking behaviour is more prone to the private players, the RSBY scheme has included empanelled private players for rendering the health care service under the scheme. The researcher here examines the health seeking behaviour and preferences of the sample population before and after their enrollment to the RSBY scheme.

The Sendiripanchayat selected under the study is inhabited mostly by SC and OBC population. The researcher has taken 50 samples, which represent the BPL households of the panchayat. Interview schedule and observation methods are used to get data from the beneficiaries. Also interview with health professional and allied workers working in the villages and district health officials are conducted.

The findings throws light into the, disease pattern and prevalence in the panchayat, health seeking behaviour this BPL population before and after the health card,and learned preference for private or clinics hospitals etc. the highlight of the study is the preferenctial differences of people in choosing the private health care institutions instead of public health institutions in matters of health care choices and health seeking behaviour.

KEYWORDS: *Learned preferences, health seeking behaviour, health insurance, out of pocket expenditure, health care institutions.*

INTRODUCTION

WHO defines health as the physical, psychological, social and spiritual wellbeing of a person and not mere the absence of infirmity or diseases.[1] The right to health is an essential component of the quality of life of the citizens in any nations.

A developing nation like India has a major task in offering affordable health to its millions of people who belong to all strata of life. There is an ever-widening gap between 'haves' i.e. the minority population who has access to quality health services and can afford the consequent expenditure and 'have-nots' i.e. the majority population who have limited access to quality health services and often reach in the poverty of poverty through the consequent expenditure. As per the study of Peters, Yazbeck et al in 2002, the poorest people are on an average 2.6 % higher chances to forgo the medical treatment for illness.[2] Considering the dilemma, it is the duty of the welfare state to cater the health needs of the citizens.

In April 2008, GOI has introduced the Rashtriya Swasthya Bima Yojana – an insurance scheme for ensuring cashless treatment for In-patient health care services for the BPL sections of India. These measures are implemented to ensure the reduction of gap between the rich and poor in accessing costly and necessary treatment offered at secondary and tertiary level of health care.

As it is the 6th year of the implementation of the RSBY scheme across India, several reports and studies conducted by GOI, research groups and research scholars have acclaimed the success of the programme across different states. Here the researcher tries to analyze learned preferences of the community over their health seeking bahaviour and choices of treatment providers before and after the RSBY enrollment.

HEALTH SEEKING BEHAVIOUR OF MARGINALIZED GROUP: LITERATURE REVIEW

Previously government and other health providing agencies were of the hypothesis that the more the individual is informed of the illness and the health care facilities, the more the health seeking behaviour. Later, studies have highlighted the inherent and external components that influence the health seeking behaviour of the individuals as well as population.

Health seeking behaviour means the identification of pathways to the formal health care system.[3] Often it starts from traditional healers or local healers and in course of time, they reach at the formal system.This identification of pathways for health care is influenced by different components. According to Parson's theory of sick role (1951), the individual seeks to get out of his role of being sick, which is an undesirable state.[4] Andersen's Behavioral Model of Health Services Utilization in 1968 [5] has described three categories of determinants such as predisposing characteristics, enabling characteristics and need based characteristics that contribute to the health seeking behaviour. In 1970, health system also added to it as the fourth determinant to health seeking behaviour. Later in 1978, Mechanic in his theory of help seeking behaviour described the psychological approach of individual involved in the health seeking behaviour.[6] The health belief model proposed by Rosenstock, Strecher& Becker in 1994 has described the four central variables in health seeking behaviour such as perceived susceptibility, perceived severity, perceived benefits and perceived cost.[7]

Health seeking bahaviour of the marginalized and utilization of the services within the existing government and private health service providers are always burning topics in academic field as well as among health advocacy groups and activists. The globalization has opened the box of opportunities in accessing and using highly effective and complex health care facilities in India. The rich and evergrowing middle class in India has seen it as development and turned their attention to these facilities. On the other hand, the vulnerable population of India, which constitutes more than 60% of the population, has still preferred for quacks and local healers, village clinics etc. They found the new 'developments' in health carewere unaffordable and would put them in the poverty trap if they approached it. This chasmbetween the perceptions and experiences of the vulnerable population and the utilization of available health resources has taken India in lagging position in matters of health scenario.

According to Achary&Ranson,[8] 5.1 percent of India's GDP spends on health care expenditure and its 82 per cent is from out of pocket expenditure. The hither to history shows the burden of health related out of pocket expenditure puts the rural and urban population in the trap of debt or losing all their savings. The recent years' evidence shows anincreasing (80%) dependence on the private sector for outpatient care and it is largely due to the weakness in the delivery of public health services.[9]

Different studies on the health seeking behaviour of the marginalized sections of society reveals the factors that influences or hinders their choices, delays and influence the preferences in accessing or not accessing health care services. It includes indirect cost such as expenses on transport, food/stay, tips given to secure access to any person or facility, opportunity cost of lost wages of the sick as well as the accompanying person, etc associate with the illness (Sodani, 1997)[10] , cost of services, proximity, convenience of timing and perceived quality of health services (Yesudian, 1999)[11] , reputation of the provider, cost and physical accessibility (Ager, A. and Pepper, K., 2005)[12], lack of social space for the marginalized groups in the existing health sector from policy to implementation (Prasad, P. 2000)[13], macro environments such as local areas, districts, states (Gordon, D., Kelly, M., Subramanian, and Nandy, S., 2004)[14], price and distance to a health facility (Borah, B.J., 2006)[15] , unequal power relations between systems of medicine and between givers and receivers (Prasad, P., 2007)[16], quality of services, behaviour of the health personnel(Baru ,R., Acharya , A., Acharyua, S., Kumar, S. and Nagraju, K., 2010)[17], acceptability and accessibility of the services provided (Gurung, A., Narayanan, P., Prabhakar, P., et.al, 2011)[18], Micro-health insurance (Savitha,S. and Kiran, K., 2013)[19].

Among these factors, the role of health insurance as a resource in facilitating the health and health seeking behaviour of the marginalized group is worth investing. After the introduction of RSBY scheme, there were several studies which highlights the scheme as well as criticizing the need for strengthening primary health care rather than initiating insurance scheme. The present study is looking more into the changes of the health seeking behaviourof Sendiri group, a population which includes SCs, STs and OBCs,in pre and post enrollment period.

RESEARCH METHODOLOGY

GENERAL OBJECTIVE

- To study the health seeking behaviourof marginal sections (BPL sections) of SendiriPanchayat before and after the RSBY scheme.

SPECIFIC OBJECTIVE

- To study the basic profile of the SendiriPanchayat
- To understand the major and minor disease pattern and prevalence in the panchayat
- To find out about the health seeking behaviour of the BPL sections of the panchayat before and after RSBY enrollment.
- To explain the learned preferences in the health seeking behaviour of the population for private health care institutions.

PROFILE OF THE PANCHAYAT

The researcher has selected Sendiri, a Gram Pachayath in Bilaspur with more than 7000 population. The study has conducted among 50 BPL household which represents 527 BPL households in the Panchayat. The SC group includes Satnamis, ST group involves Bhoi, The panchayat has got 1 PHC, 7 local healers and clinics, and 2 medical shops.

LOCATION OF THE STUDY

OPERATIONAL DEFINITIONS

Learned preferences: the acquisition of the greater liking for private health providers over public health system.

Health seeking behaviour: Preferences and practices of the BPL population of Sendiri population in relation with their health care.

POPULATION AND SAMPLE

The population of the study includes 527 BPL households in the SendiriPanchayat and the representative sample size is 50 which covers 10% of the population.

RESEARCH DESIGN, TOOLS AND METHODS OF DATA COLLECTION

The descriptive design using case study method is applied. Interview schedule is administered and observation technique is used throughout the study. The samples are selected using stratified sampling method i.e. samples selected randomly from different social status such as SCs,STs and OBCs and who belong to different wards in the panchayat.

RESULTS

BASIC PROFILE OF THE RESPONDENTS

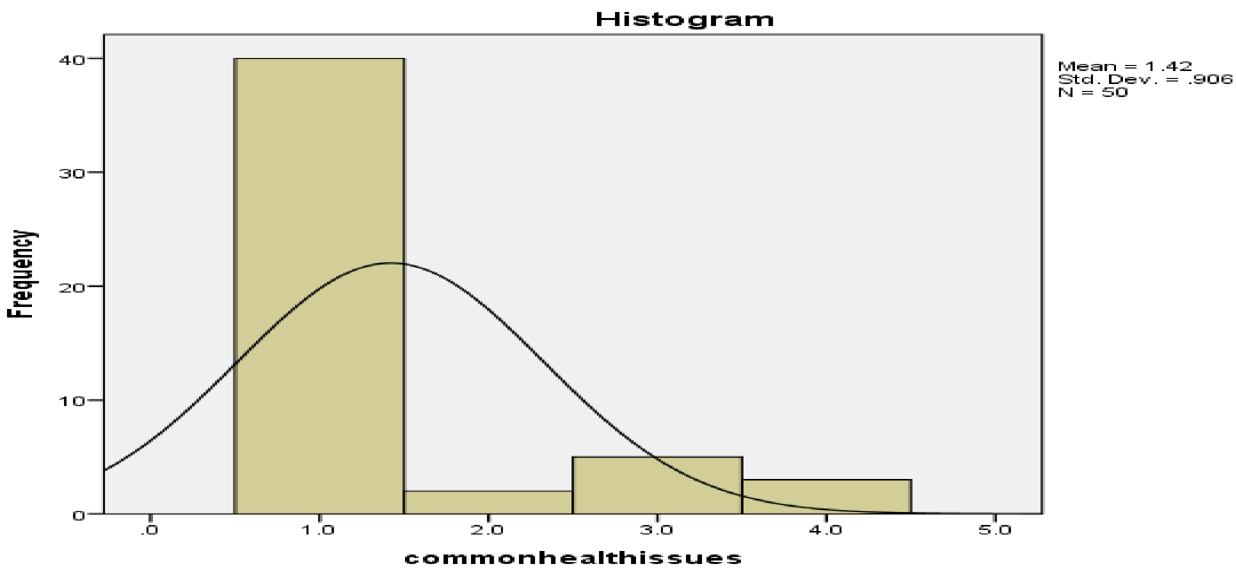
Variable		**Frequency**
Gender	Male	43
	Female	7
Age	20-29 years	6
	30-39 years	11
	40-49 years	15
	50-59	9
	60-69	8
	70-79	1
Education	Illiterate	20
	below 10 the class	27
	plus two and more	3
Religion	Hindu	50
Social status	SC	27
	ST	7
	OBC	16
Occupation	daily wage labourer	21
	self employed	2
	farmer	25

	any other	2

The basic profile shows the vulnerable factors of the population of the panchayat. The education level of the samples was very low and majority isdropouts before completing their matriculation. Their occupation also signifies their economic condition as the 92% of the sample are engaged either in agriculture or daily wage labour.There found a correlation between the education level of the sample population and the occupation they engaged i.e. the illiterate and those who are below the qualification of the SSLC has chosen their occupation either in agriculture or daily wage. Their social status as a SC, ST or OBC further puts them into more socially and economically vulnerable.

THE DISEASE PATTERN AND PREVALENCE IN THE SENDIRIPANCHAYAT

Common health issues			
	Frequency	**Percent**	**Valid Percent**
seasonal disease	40	80.0	80.0
lifestyle disease	2	4.0	4.0
seasonal disease and life style disease	5	10.0	10.0
seasonal disease and accident	3	6.0	6.0
Total	50	100.0	100.0



The table and histogram shows the distribution of disease pattern and prevalence and it points out the higher prevalence of seasonal diseases in the panchayat. The diseases are rather preventable and it requires intensification of the primary health care. The prevalence of other major health events like life style diseases, accidents are reported very few which requires secondary and tertiary level health care. So the strong dissociation between the projected need of health seeking behaviour under the RSBY scheme and actual need of the health seeking behaviour of the population.

MINOR DISEASE AND PLACE OF TREATMENT

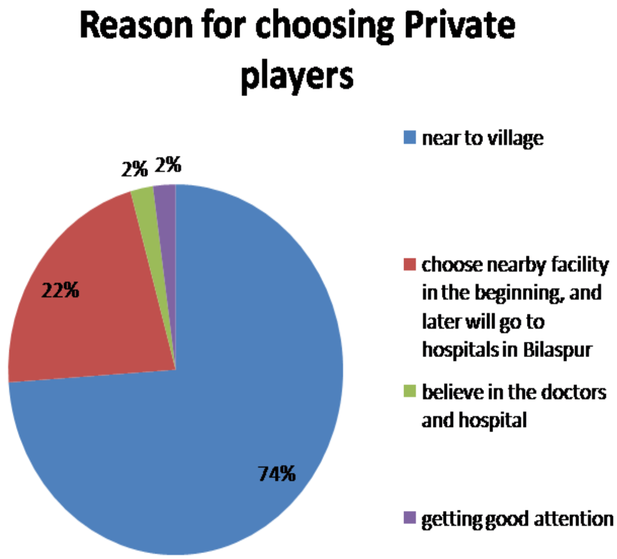
The minor diseases affecting the villagers include fever, body pain, headache, diarrhea, minor injuries with sharp objects, etc. At times of the minor diseases, they depend on the private or public health institutions for the treatment.

Place of treatment	No. of beneficiaries
Private players, which include local healers, clinics in the village, and private hospitals nearby the Panchayat.	46
Public health system includes PHC at local level and other government hospital nearby the Panchayat	4
Total	50

The table explains the health seeking behaviour of the sample population in relation to the minor and seasonal diseases. The preferences are always made in connection with private players such as local healers (11), clinics in the village (8), private hospitals (6) and its different compositions. PHC is been reportedly utilized by just 2 households!

DEPENDENCY ON DIFFERENT HEALTH CARE INSTITUTIONS AND THE REASONS

Reasonforchoosingtheinstitution			
		Frequency	**Percent**
Private players	near to village	36	72.0
	choose nearby facility in the beginning, and later will go to hospitals in Bilaspur	12	24.0
	believe in the doctors and hospital	1	2.0
	getting good attention	1	2.0
Public health system	near to village	2	50.0
	choosing facility in the beginning, if it is not cured, will go to Govt. hospital in Bilaspur	2	50.0



A table and pie diagrams gives answer to the preference of village population towards the private player. The chart shows that people prefer private players because they are nearby village and they believe in the quality of doctor and their treatment. The same village has a PHC nearby. But the utilization is very poor because it was reported and observed irregular in its services and people are not feeling confident with the service of the personnel and the institution namely PHC. However, between these two variables such as proximity and quality, people prefer the former.

AWARENESS ABOUT THE RSBY SCHEME AND PROVISION OF HEALTH CARD

The researcher asked about the enrollment of the household under the RSBY scheme. 42 out of 50 household responded "yes". Further analysis of the same question by the researcher and field investigator found that majority of these cards belongs to either 2011-12 or 2012-13. These cardholders are not aware that it has to be renewed every year and they will be provided with the new card. In addition, it was found that some are dissatisfied by the health card because they are not benefitted from the card. They approached the hospitals with these expired cards and were denied the services. The current beneficiaries are also not fully aware about the provisions and benefits of the health card and the utilization pattern is also found less effective.

UTILIZATION OF RSBY CARD AT DIFFERENT HEALTH CARE INSTITUTION

Useofhealthcard in 2013-14			
	Frequency	**Percent**	**Valid Percent**

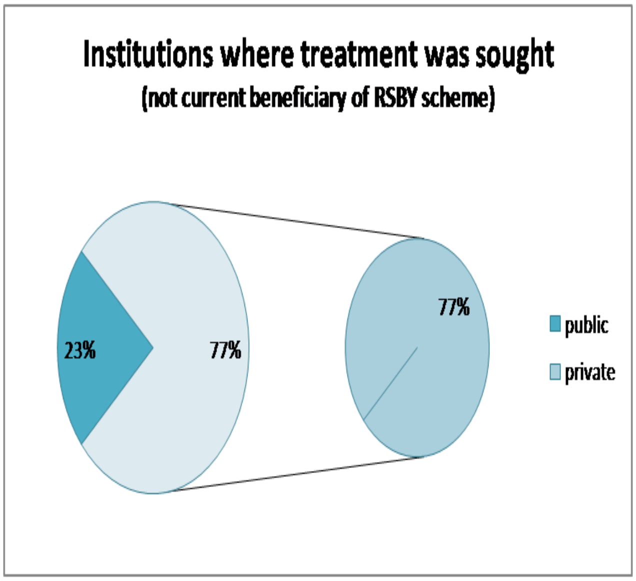
Yes	4	8.0	8.0
No	46	92.0	92.0
Total	50	100.0	100.0

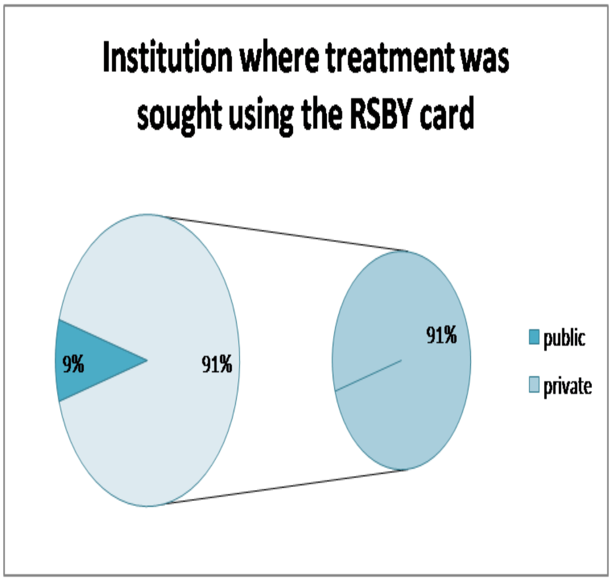
UsageoftheRSBYcardafter the first enrollment to 2013-14

	Frequency	**Percent**	**Valid Percent**
0	39	78.0	78.0
1-2	9	18.0	18.0
more than 3	2	4.0	4.0
Total	50	100.0	100.0

The tables show the utilization pattern and dependency of the sample population on RSBY scheme. Only a minority (4 persons) has utilized the card in the current year i.e. 2013-14and the rest were not used the card. Again, the usage of the card from first enrollment of the current year also marks very low. 18% of households has used the card for 1-2 times and 4% households for more than 3 times.

The preference for the health institutions and services used by the beneficiaries also maters. The below charts diagram shows the preferences of enrolled and non enrolled towards private players.





MAJOR HEALTH EVENTS IN THE VILLAGE AND USAGE OF THE CARD

The samples from the panchayat have reported with major health events such as health issues of elderly or children, and accidents. These are the rare occasions they have used the card. The number of the health card usage thus ranges from 0,1-2, more than 3. The no. of people comes in this category is very less.

Another question on the recent use of the RSBY card revealed that only four members has used it. The rest are further asked about the status of their RSBY card and it was found that majority is having expired card which cannot be used in the current year.

DISCUSSION

The health behaviour of individual depends on the beliefs and attitude sufficiently supported with external factors. The minor presence of perceived susceptibility and severity towards the seasonal diseases which is coupled with the absence of regular and decent service from the PHC has influenced the health behaviour of the population under the study. The socioeconomic status of the population is a handicap to their development. According toAmartya Sen, India has an unbalanced growth because the enabling environments are missing.[20] As the educational status of the population is comparable low, the health behaviour also is influenced. The utilization of public health resources is found abysmally low. The misapprehended notion of replacing the use of the service of public health system for private players has contributed little to the health of the population, rather it has its own inflicting burden on the individuals themselves.

Preference for the private players is the highlighting theme of the study. Over the years, the population has transformed their health seeking behaviour in favour the private clinics and private hospitals. The tables and charts show the fatal drop in the use of PHC in the village. Their preference for health institution is primarily influenced by the proximity of the institution. Even then, the nearby PHC never comes into the preferences. On further analysis, the irregularity and unfriendly response from the health system has influenced behaviour. The factor of social space of the population who depend on the existing government health system is a matter of discussion. While conversing, many household members have reported the unfriendly treatment from the government health institutions. Whereas, the same population is satisfied over the private players because they make the patients feel that they are been treated well for the money they spend for.

The profile of the sample denote the socio-economic conditions of the panchayat. The scheduled groups and other backward groups are the major population of the village. Addressing the question of economic access to health care through RSBY scheme for the BPL families is found questionable.The out of pocket expenditure is very high before the RSBY scheme and even after the enrollment. The scheme was there with ‘last mile challenges’ like lack of sensitization over the provisions, benefits, and related information, inconsistency in enrolling all the beneficiaries to the scheme. The villagers have cards which are not properly utilized because either the cards are expired or they do not know the provisions and the institutions where it is available.

The Alma Ata declaration speaks about the role of primary health care in the health service system. An analysis of the disease pattern and prevalence shows the high need of strengthening primary health care though effectively functioning PHC. The panchayat witnessed a PHC which rarely opens and its services are poor in quality. Over the years, the health seeking behaviour of the villagers too changes to private clinics and hospitals because they are never been offered satisfactory service from the public health system functioning ate panchayat level. The ruling parties in the Gram panchayat also could not effectively address the issue.

If we consider the factors influencing access to curative care (Bajpai, V. and Saraya, A.2012)[21] such as availability of better developed infrastructure, lesser levels of poverty, transportation facilities to reach the hospital facilities, literacy and education to utilize the scheme with prudent choices, demographic composition, political mobilization, the samples and area under study has considerable implications. The population is socially and economically poor. The marginal groups are often victims to the poverty traps through unemployment or failure of the crops. The family structure is also very high that the earning are spent on the daily maintenance of the family. The prevalence of seasonal health issues and consultation at private clinics and hospitals also put them under poverty burden. The distance to the secondary and tertiary level care units are also little far from their village. The illiteracy and low levels of education is the main villain and the majority of the vulnerable population in the panchayat is unable to make optimum utilization of all possible provisions under different schemes.

The case of irregular PHC in the village has given a wrong notion about the public health system in the psyche of the villagers. The health service seekers negative perception and experience in relation with the public health system has influenced their choices. The Panchayat is been witnessing the poor and irregular service pattern by the PHC over the few years. The researcher has a personal experience from the PHC i.e. when the researcher and other fieldwork trainees visited the building, some other person were there who were preparing food and other refreshments for their leisure. The picture depicted by the villagers about the PHC can also summoned as irregular.

Asymmetric power relation between caregivers and beneficiaries is another area. The private health care players are attractive to the villagers because they show courtesy with the customers. The customers are paid for the service and in return they are treated in a dignified way. Whereas in public health system, the villagers reported about the negative experiences from the personnel.If the RSBY card can help them in accessing the private players, they prefer it to expecting the same behaviour from the caregivers.

SUGGESTIONS AND RECOMMENDATIONS

The researcher would like to suggest the following points.

- The need for sensitization about RSBY scheme and its service providing centres
- The need for credibility building of public health system through better health care and service provisions.
- The need for strengthening primary health care at grass root level rather than promoting the curative level.

For these, the following actions are recommended such as

✓ Restoring and regularizing the functioning of the PHC and its services.

- ✓ Improved participation of the people in regularizing the services of PHC.
- ✓ Special attention of PRI system on the health aspects of the panchayat.
- ✓ Mass sensitization over the RSBY scheme and its provisions through notices, leaflets and other ICT measures for imparting the relevant information.

LIMITATIONS OF THE STUDY

The researcher has faced with limitations and challenges such as language barriers, embarrassment of the respondents in spending time for the questionnaire, and lack of awareness of the respondents over the RSBY card and its status and provisions. Also convincing the respondents about the need of conducting a study also was little difficult as they look about its monetary benefits.

CONCLUSION

The case of Sendiri is copy of lakhs of villages and Panchayats in India and across globe where the health seeking behaviour of the population is moulded through a number of environmental factors. The lagging of public health system has significantly contributing to the profit of private players and loss for the common person who manages his/her life with limited source of money. The out of pocket expenditure puts him/her again into further deteriorating situation, which ultimately affects his/her health. So there need an urgent attention to the infiltrating risk namely learned preference for private health care and denouncing of public health system. To conclude the health seeking behaviour is a learned behaviour which is facilitated by the response of health system

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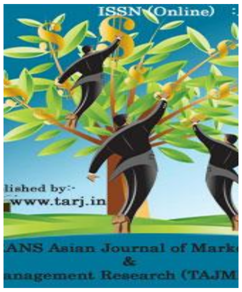

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PRICING BY BANKS THEIR PRODUCTS& SERVICES: ROLE OF RESERVE BANK AND ASSET LIABILITY COMMITTEE OF BANKS

Dr. S.N.Ghosal*

INTRODUCTION

In India Banks for quite some time priced their products and services as per advice obtained from their regulatory authority- Reserve Bank of India (RBI). It was a regime of administered price and banks made no efforts to study the market or the cost structure of their operations to comprehend and evaluate how far the price fixed by RBI is in consonance with market demand and their cost burden. However this obviously changed when deregulation was announced by RBI as that enabled banks to fix their rates based on some referral rates to be decided by the Boards of each banks.

PRESENT SCENE: DEREGULATION & RBI

In today's' scenario banks have been empowered by the RBI to determine their rates of interest on deposits and loans based on referral rates approved by their boards subject to the following limitations:

ON LOANS

1. Upto and inclusive of Rs 2 lakhs—Not exceeding Prime Lending Rate as approved by

THE BOARD

2. Over Rs. 2 lakhs—Banks have been given liberty to fix the rate subject to PLR and the . Spread decided by the Board. Banks have been authorized to charge below PLR to Exporters and high rated borrowers;

3. Banks are free to determine the rates of interest without reference to PLR and Regardless of size in respect of following loans:

1. loans for consumer durables;
2. loans against share and debentures;
3. personal loans for non-priority sector;
4. loans against deposits;
5. loans to agencies (excluding housing) for lending to ultimate beneficiaries to provide input support;
6. loans to housing finance intermediaries for lending to ultimate beneficiaries;
7. discounting of trade bills;
8. Loans against commodities subject to selective credit control.

ON DEPOSITS

A. RBI has also shortened minimum maturity period of deposits to enable banks to have greater flexibility in their asset liability management. Banks have been allowed to reduce the minimum maturity period to 7 days instead of 15 days. However this flexibility has been allowed only for deposits of 15 lakhs and above.

B .Banks also has been allowed to develop special deposit schemes for senior citizens with higher rate of interest as compared to normal deposits of any size.

C .Banks also have been allowed to disallow premature withdrawals of deposits of entities other than individuals and HUF

D .Banks have also been allowed to renew overdue term deposits at the rate prevailing on the date of maturity only for 14 days and for any higher period at their own prescribed rate and to treat the same as fresh deposit.

E. However interest rates on all term deposits are currently free and banks have now offered an array of rates across maturities of 15 days and above which is the present norm of maturity for domestic term deposits. This norm has since been relaxed to 7 days for single term deposits of Rs. 15 lakhs and above. In these deposits banks have been given freedom to offer differential rate of interest according to size of deposits. This has been allowed to enable banks to have needed flexibility in their asset liability management. But the stipulation of minimum maturity of 15 days for certificate of deposits and commercial papers has bee kept intact. Further the present guideline has also emphatically stated that banks should not discriminate in the matter of fixing rates of interest on deposits for different categories of customers except the exception granted for deposits of Rs.15lakhs and above for a maturity period of 7 days. However banks have been allowed to provide higher rate to senior citizens.

In recent years RBI has granted further operational flexibility to commercial banks in deciding their lending rates as the present guideline has relaxed the requirement of PLR as floor rate for loans above Rs.2 lakhs. PLR however will continue as floor rate for loans uptoRs 2 lakhs and banks will continue to declare the maximum spread of interest rates over PLR with the approval of their board of directors.

MINDSET OF BANKERS

It is obvious that after deregulation banks have been given some flexibility to determine their rates of interest both for deposits and loans. However banks in general have adopted the strategy of product developments instead of differentiation of prices to satisfy customers. This has led to proliferation of products and also complexities in operation. In fact there is visible lack of adequate focus on costing or pricing. It is increasingly realized by banks that the strategy of product variation has its limitation as it increases cost of operation and also increases the need for continuous training and research which in turn also add cost of operation. The felt need is therefore look to cost reduction and create affordable price structure to attract larger number of customers and thus adopt mass banking instead of class banking. This would also enable banks to deliver standardized products at affordable price consistently.

PRESENT PRACTICE

However the present practice in banks is to fix interest rates based on some referral rates instead of going through the total process of pricing products and services. In fact banks have over the years followed blindly the directions and also acquired in the process herd mentality. This is still prevalent despite intensification of competition and induction of private and foreign banks having some culture to price their products and services. Banks generally avoid labor of undertaking detail study on cost of products and services to determine their prices. The usual trend is treat bank rate fixed by RBI as bench mark for fixing PLR and its spread. Similarly for fixing interest rates on deposits banks generally have adopted herd mentality and therefore always veer round the rates of some reputed banks with minor variation here and there and stressing more on product variation instead of price variation. This is coolly undertaken by all banks as it helps them to avoid rigor of data collection and market study for pricing.

In fact the referral rates of banks also veer round the bank rate fixed by the RBI. Bank rates are fixed by RBI taking into consideration the macro economic conditions prevailing in the country in various financial markets. It is obvious therefore those bank rates reflect the changes in macro economic conditions in the market and not the micro economic factors that influence the working of banks.

However the repo and reverse repo rates are also fixed by the RBI to administer liquidity in the market on day to day basis and that could be a bench mark rate for determining referral rate by the banks as this would be more close to the market environment. Some recent global researches have revealed that deposit rates, lending rates, inflation rates and yield rates of government securities of 10 years maturity are very much aligned to each other. However such alignment arises not because of some conscious efforts by banks to fix interest rates based on market condition.

RECENT AWARENESS TO ALIGN WITH MARKET

There is however of late some awareness in banks that there is need to determine interest rates both for deposits and loans based on market study. It has been observed by

Irving Fisher that real interest rate refers to expected rate or the ex-ante rate. It is therefore necessary to factor inflation rate that may happen in near future date for determining interest rates for bank deposits and loans. Recently RBI Governor has rightly emphasized that banks should be transparent and be able to justify logically through facts and figures any change in the interest rates that banks make to align with market situation.. It has to be noted that even in international arena banks re-price their floating rates. In fact floating rates are re-priced every six month and not as and when bench mark rate is changed. The very name floating rate indicates the likelihood of change in the same periodically in alignment with market condition. Moreover banks have to review the rate periodically as it is not possible to take into considerations all future shocks of the market upfront.

THE ECONOMIC SCENE

ROLE OF ALCO

The economic scene refers to risk factor; cost of fund, inflation, liquidity and consequently referral rate of interest should not be static. Therefore it would be necessary for banks to have a system of constant review and also evolve some system and institution to review the interest rates both for loans and deposits. RBI has allowed banks to delegate powers to review interest rates to Asset Liability Management Committee (ALCO) of the bank. RBI has empowered the Board of Directors of banks to delegate powers to fix interest rates on deposits and advances keeping in view market condition and other allied matters. This way banks may respond to changes in interest rate environment in the market. In fact to provide flexibility banks have been empowered to decide the period of reset on variable deposits. Some banks did introduce variable rates for deposits but adequate response from the depositors could not be obtained from them and for that reason banks have been advised to popularize flexible rates for deposits as that would be not only beneficial to banks but also to depositors in the long run.

Further it has been observed that spread of interest rates over PLR is not based on adequate study of the market opportunity as is obvious from the present practice of banks where different spreads have been fixed by different banks and some banks have fixed unusually high spread and for that reason they have been advised to re-look the spread particularly the high side of the same. In order to ensure appropriate pricing of loans by banks, RBI has encouraged banks to undertake review of both PLR and the spread by ALCO and make conscious efforts to align with the market and have spread within reasonable limits around PLR subject to the approval of their respective boards.

The present policy guidelines of RBI provide that loans upto Rs.2 lakhs should not exceed the Bench Mark PLR. The BPLR should be determined by banks based on:

1. actual cost of funds;
2. minimum margin to cover regulators requirement;
3. keep in view that it shall be the ceiling rate for loans uptoRs. 2lakhs
4. risk premium and term premium.

However banks have the freedom to stipulate lending rates without reference to their BPLR in the following cases:

1. loans covered by refinance schemes;
2. loans extended to intermediary agencies
3. for bill discounting;
4. loans provided against deposits of banks
5. loans extended to cooperative banks
6. loans given to employees of banks.

It may be interesting to note that banks are obliged to give effect to any revision of interest rates both upward and downward made by RBI as per section 21 and 35A of Banking Regulation Act 1949.

In a recent statement RBI Governor stated that public perception is presently that banks' risk assessment and risk management processes are less than appropriate and suboptimal and there is under pricing of credit for corporate while there could be overpricing of lending to agriculture and small scale industries.

RECENT RELAXATION BY RBI

Similarly RBI has relaxed some of its earlier norms on interest rates on deposits. These may be summarized as follows:

1. It has shortened the minimum maturity period of deposits. According to earlier guidelines

Banks were allowed to offer different rates of interest across maturity of 15 days and above; now banks are enabled to issue deposits for minimum maturity period of 7 days only for single term deposits of Rs.15 lakhs and above. This flexibility has been allowed to help banks to manage liquidity in more effective way.

2. Banks have been allowed to offer senior citizen higher rates of interest for their fixed deposits as compared to normal deposits of any size.

3. Banks have been enabled to disallow premature withdrawal of deposits held by entities other than individuals and HUF.

4. Further banks now can renew the overdue term deposits at the rate of interest prevailing on the date of maturity only for 14 days and for any longer period banks may fix any rate that they think appropriate and treat the deposit as fresh deposit only.

5. As regards FCNR (B) deposits banks have been enabled to lower the present ceiling fixed as LIBOR/SWAP rates plus 50 basis points.

ROLE OF TREASURY UNITS OF BANKS: A RECENT CHANGE

McKinsey survey of global banks both of developed and developing countries recently undertaken has revealed an interesting trend of change in role and function of banks' treasury department. Survey has highlighted the growth of different organizational model of treasury units of banks in response to the growing sophistication and depth of financial markets – notably higher volumes of interest rate derivatives. It also emphatically brought out the possibility of further changes due to liquidity and credit crunch expected 2007 onwards. However due to the dissimilarity of market trend in developing and developed countries the evolutionary changes may remain different in respective countries for sometime.

In fact banks have been expanding the scope of their treasury departments over the last 15 years to develop broader management of the balance sheets of banks particularly the interest rate risk and liquidity management. In recent years most of the treasuries of banks have become specialized service centre apart from the services provided as a capital market division. The survey has highlighted the underlying differences in management philosophies of banks in emerging markets and that of developed markets. It has been observed that banks in emerging markets are becoming active risk takers and treating treasuries as profit centers and banks in developed markets grooming treasuries service centre to manage liquidity and interest rate risk treating treasuries as independent business units.

The study has revealed that majority of treasuries in the developing countries are building their own expertise in capital market products and providing sanguine advices to their own customer franchises. However in developed countries banks' treasuries undertake three functions:

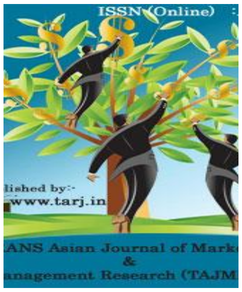
A. management of interest rate risk in banks balance sheet including modeling of transfer pricing for non maturing products and non interest bearing products like current accounts and credit cards etc.,

B.management of funding sources and liquidity especially during market turmoil;

C.management of securitization and placement relating to banks own capital structure.

It is obvious therefore the new philosophy of treasuries of banks is to undertake asset liability management in a more sophisticate manner aligned with the market environment. It is not treated as profit centre as was the practice in earlier years. This is certainly a path breaking initiation and expected to help banks to undertake asset liability and liquidity management in a professional manner and in alignment with the market environment.

It would be obvious that banks in India have to go a mile to become aligned with market environment to fix their price of products and prices. This is because both depositors and debtors prefer stability in rates and expect banks to absorb market shocks. Over the years banks also developed a mindset to follow the direction failing which follow some leaders among banks. It is true some changes are slowly creeping in and some conscious efforts by banks could be seen to price their products and services aligning with market environment and giving due recognition to demand pattern of customers and ability of banks to provide such products and services within expected margin.



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INTERNET MARKETING – A NEW ERA OF INNOVATION INE-COMMERCE

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INTRODUCTION

Internet marketing (IM) is also known as digital marketing, web marketing, online marketing, or e-marketing.

As the name states, it is the advertising of products or services over the Internet. However, it also implies marketing through the wireless media and through e-mail. Electronic customer relationship management (ECRM) systems are also categorized under Internet marketing. IM can be creative, as well as, technical through its design, development, advertising, and sales over the Internet. This paper is a secondary research regarding how E-commerce gradually forms part of our daily lives. It concerns different aspect of advertising in terms of electronic commerce.

In the past ten years, the Internet population varied a lot; an estimation of about 50 percent increase of the World Wide Web (WWW) per month and the numbers of websites double every 53 days. A 60 percent of large companies and 30 percent of midsize companies were estimated to make use of the Internet for marketing purposes by the year 2000. In 2003, the first generation of internet users was fresh graduates - fast to get the concepts of online commerce and shopping. Major investments in China were also made by international E-commerce companies at that time; escrow systems were made for better trust in buyers and sellers. The hotel industry now face market challenges and business travellers demand more for the Web in terms of information and booking of hotels. The WWW is an electronic technology which is an effective means for marketing hotels and it also develops customer relationship in the long-run. The Internet allows firms to open a Web site in an electronic mall, have their products available to millions of potential customers and only in a short time period. GE, IBM, Ford, Kraft, and Proctor & Gamble were the first to register “domain names”.

USE OF INTERNET FOR MARKETING SUCCESS

Because Internet grew in only five years and there are no barriers for time or location, marketing online has become the new era in E-commerce with petty variable cost per customer. Marketers use fullcolor advertising that appeal similar to both -young and old- to attract people all over the world. The Internetis now considered as a much greater resource than traditional means of advertising:

- **E-MAIL** – use totransfer text and multimedia messages
- **LIST SERVER**– latest information sent on specific themes to groups/managers
- **NEWSGROUP** – electronic conferencing leading to the development of ideas, as well as,worldwide networking opportunities
- **FILE TRANSFER PROTOCOL (FTP)** – high speed file transfer as a virtual fax
- **WWW** – menu-driven access to host resources etc.

All industries have subject matter experts (SMEs)who are responsible to unify and apply knowledge from different vendors and sources to solve industryproblems. To prepare a Web site merging SME knowledge with other reference sources is one of example of Internet model, to retain and attract customers. A well designed Web site can lead to an interesting,low cost means for sales promotion to worldwide customers. Marketers should also refer to the AIDAmodel-

- A-Attention
- I-Interest,
- D-Desire and
- A-Action

To successfully attract customers by introducing the right advertising on Internet.

ADVANTAGES OF THE INTERNET

Most people worldwide can use the Web since it is affordable and easy to access. Internet is afast and flexible means for marketing. Shopping on the Internet is convenient as there is no time restriction, it is comfortable since it is in a user friendly environment and there is also an instant satisfaction of ordering, paying and delivering. A one-to-one basis, as well as, a two way communication with customers through the Internet is possible. Enhancing brand image, creating awareness and providing customer service are more important than just selling the products or entertaining customers. With better technologies, companies can create a stronger brand image and thus increase sales. It is easier to getcustomers' feedbacks and use them to improve. On the other side, it is easier for customers to receive a kindof acknowledgement; feeling that they did not waste their time.

Nowadays, people live a busy life andshopping online is time consuming for them. The company also saves time since whenever a customeruses his/her credit card to purchase a product, through the Web Trak software from Aurum Software, thecompany can access customers' details. Marketing communication includes expenditure on directresponse marketing rather than the old standard mass communication; E-marketing is seen as a promotionalas well as informational tool. E-communities or moderated group chat-where customers withsimilar interests can interact-are strategies to build relations through Internet. This new era of commerceis beneficial for marketing logistics, a global presence, to establish and maintain a competitive edge,shorten components of supply chains, for cost savings and research advantage.

SUCCESSFUL WEBSITES

For Web sites to be a success, it should be informative, entertaining, challenging, and unique. Thehomepage should be short, clear and simple to avoid wasting the customer's time. They should beunderstandable and easy to search information needed. Moreover, it must continuously be up-to-date formost recent information about the company; customers like to see modification in the website.

Products/services available should be represented clearly by key words or images on the Web site.

Programs should be set up to find out which kind of customers are interested and what can keep customerscoming back. This is the key of marketing strategy to know your customers, as well as, what they want.

A company should create a Web site with unique SME knowledge and should not put Web links that are not completed.

There are different marketing strategies for the Internet:

1. **TARGETING:** This is different from the traditional segmentation because the customers come to you, theyinitiate contact, control information flow and control message content. Accessibility is primordial forcustomers. Market the Web sites through packaging or "click-through" from other companies' Web sites.

    "Click-though" banner advertising is a sort of digital word-of-mouth which is becoming a stronger means ofthe Web.

2. **PRODUCT STRATEGY:** Brand recognition is made clear on the Internet but the number of purchase is not thereyet. Sometimes the products are not available on the Web site and

consumers hesitate before getting thisparticular product. To increase their confidentiality, recognized vendors should be mentioned on the Net.Authenticity is important for both sellers and products.

3. **PRICING STRATEGY:** In the long run, it will be good if firms can concentrate on offering products with theunique characteristics. Online shoppers will differentiate by the benefits and quality of the products/services.Otherwise, a low price strategy should rely on cost advantage and high volume to be able to compete.

4. **DISTRIBUTION STRATEGY:** There is a necessity of a direct-to-customer mechanism. The industry has to be the first providing unique services to always be ahead of competitors.

5. **PROMOTIONAL STRATEGY:** This depends on the marketing research and consumer preferences. A “frequently asked questions” (FAQ) section should be provided in the Web site and high-level marketing officers should also be involved for a stronger marketing message for the company’s vision.

In fact, the FAQ, through Internet, can save over one million dollars by providing what customers want.

It also reduces online catalogue processing costs and cycle time. Other than that, grouping and ranking the content of the Web site is effective so as to group consumer needs and to provide a good structure for navigation of the Web site according to a consumer.

LINK TO REALITY

Marketers should all know about information technology (IT) to be able to make better market analysis, decision making and to better control and monitor their field. Competition must now be based on speed instead of size of corporations for development because product life cycles are too short to increase fast enough. What is needed are high quality information about the product, service and corporate needs and fast and effective delivery process. Continuous information-based value to customers can lead to comparative advantage. Nowadays, traditional radio companies drive FM/AM and online listenership for a better growth by copying the best practices of new, growing internet companies. Since Internet is innovating in a really fast way, companies need to continuously change and marketers agree that by the time a new product comes into the market, it will already be obsolete.

However, the Internet is not really safe since there are no modern online international payments systems resulting into frauds.

There is no negative growth of the Internet; in fact all the authors talk about the Internet as the new trend of this generation. However, traditional marketers somehow do not want to admit that the world changed. They are slow in taking advantages of new opportunities presented to them.

B2B-enhances supply chain process need to pay much attention to real-world business process, adapt automated systems to business behavior and mingle content and technologies with crucial information systems. A simple company is changing toward this new era of innovation in e-commerce since companies want to reduce waste, order-to-delivery cycle time and unit cost. Because they want to develop flexible response, there is a need for Internet help and hence IM. There is a small amount of E-shoppers but this is because IM is just another channel of retailing and not a substitute of the traditional ones. Mostresearchers suggested that face-to-face relationships are more efficient in the sense that marketers can see the instant reactions of the customers (first reaction is always the true one).

However, E-mail is said to be more advantageous since it is cost effective, do not rely on time (time zone difference) and it can also transfer text and graphics. The first driver to establish Internet is not financial return on investment (ROI) - It is qualitative marketing advantages for relationship of business with customers. This was also shared by Michael Saren (2011) and Webster (1992) where customers focus, market segmentation, targeting and positioning; with the help of IT, will be the flexible bond maintaining all together. However, few companies use this communication tool to build relationship; instead they use it as a marketing tool to share information. For customer relationship to take place and for E-success, company information provision and customer database information are necessary. Marketers uses IM mostly to increase the sales and profit of the company, or to enhance brand image and customer relationship but according to Boutie'sanalysis of 100 Web sites and interviews, their objectives to communicate their product/service were incomprehensible. Advertising objectives should be clear so that customers know with which company they are buying from and whether they can trust that company or not. Another issue is that direct mail is said to be more effective than Internet advertising in E-commerce.

Although the Internet is of great benefits, it also has a lot of drawbacks. For instance, there are cultural and language barriers, as well as, the global reputation of the company. The 4Ps play an important role here. Some products cannot be sold on Internet, promotions should be according to the culture and language of the targeted countries, price should be according to what consumers are willing to pay in bricks-and mortarstores and finally the distribution channel should be reachable from Internet users. It is quite difficult to focus on only certain languages. That is why it is better to target a certain Internet consumer's ormake the advertising bias and multi-lingual.

CONCLUSION

The Internet network is a marketing channel use by advertisers, marketers, and society to find the right combination of marketing mix to best suit customer's needs. It is important for a company of this era to have access to the Internet to be more successful. Internet marketing does not only target consumers, but also Internet advertisements client marketers from companies. This is so because companies prefer to hire specialist in creating a Web site. People always find themselves under stress of working long hours and they do not have enough time for social activities or even shopping. They thus develop this new millennium where IM through E-commerce becomes an everyday thing and routine for them. E-mail is as famous as direct marketing in supporting E-commerce activities. Most clients feel that this new media is a success in relation to traditional marketing advertising. But Internet should be used with other media for a more effective marketing tool. Internet marketing will become even more important in the future. As more companies will have access to the Internet, they will start doing business over the Internet.

India's economy will be in another dimension with E-commerce where customer focus, responsible business practices and innovation are the determinants of success and not customer relationship. With a decrease in communication prices, more customers will shift to the Internet as well. Security will not be an issue anymore because software companies, banks and credit card institutions are working hand in hand to improve Internet security. Companies need to protect themselves in three areas: data integrity, confidentiality of data and authenticity by installing firewalls or routers. Customers will look for a business on the Web since there are unique opportunities for marketing a company's service, selling products and gathering information on the Net. The marketing mix plays an important role in IM in E-commerce; deciding what type of advertising best suit customers through the Web. This is the new era of innovation; where everyone will be interacting on the Web. Live video session will be available and a prospective customer may be able to talk to a customer representative directly over the Net.

Review Process

Each research paper/article submitted to the journal is subject to the following reviewing process:

1. Each research paper/article will be initially evaluated by the editor to check the quality of the research article for the journal. The editor may make use of ithenticate/Viper software to examine the originality of research articles received.
2. The articles passed through screening at this level will be forwarded to two referees for blind peer review.
3. At this stage, two referees will carefully review the research article, each of whom will make a recommendation to publish the article in its present form/modify/reject.
4. The review process may take one/two months.
5. In case of acceptance of the article, journal reserves the right of making amendments in the final draft of the research paper to suit the journal's standard and requirement.

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