PUBLICATION CERTIFICATE

This publication certificate has been issued to

Dr. Bageshree P. Bangera Bandekar

For publication of research paper titled

Performance Analysis and Comparative Study of Equity Linked Savings Schemes (ELSS) in India

Published in

International Journal of Research (IJR) with ISSN 2348-6848

Vol: *11* **issue:** *3* **Month:** *March* **Year:** *2024*

Impact factor: *6.113*

The journal is indexed, peer reviewed and listed in Google Scholar

Editor

International Journal of Research (ISSN 2348-6848)

Note: This eCertificate is valid with published papers and the paper must be available online at https://journals.pen2print.org/index.php/ijr/ or http://ijrjournal.com/index.php/ijr

$html = ';

International Journal of Research (IJR)

e-ISSN: 2348-6848
p-ISSN: 2348-795X
Vol. 11 Issue 03
March 2024

Performance Analysis and Comparative Study of Equity Linked Savings Schemes (ELSS) in India

Dr. Bageshree P. Bangera Bandekar
Associate Professor, Cosmopolitan's Valia College

Mrs. Poonam D Shah
-Research Scholar, D.T.S.S. College of Commerce

Abstract

This research paper aims to provide a comprehensive analysis of Equity Linked Savings Schemes (ELSS) in India, focusing on their performance, tax benefits, and suitability for various investor profiles. The study examines the historical performance of select ELSS funds over the past five years, analyzing annual returns and average growth rates. Additionally, it compares ELSS with other tax-saving instruments, such as Public Provident Fund (PPF), National Savings Certificate (NSC), 5-Year Tax-Saving Fixed Deposits, and National Pension System (NPS), in terms of lock-in period, risk level, expected returns, and tax deductions under Section 80C. The research also offers insights into the investing class for ELSS and key factors to consider while selecting ELSS funds. By providing a thorough analysis and comparison, this paper aims to guide investors in making informed decisions to achieve their financial objectives while optimizing tax benefits.

Introduction

Diverse equities funds comprise the equities Linked Savings Scheme. The main asset class of these funds is listed company stock. The stocks are selected from a variety of industries and market capitalizations, including large, mid, and small caps. The long-term goal of these funds is to maximize capital appreciation. After completing extensive market research, the fund manager selects equities in order to provide the best risk-adjusted portfolio returns.

Section 80C of the Income Tax Act of 1961 allows for tax benefits on investments made in an ELSS fund. The IT Act allows for a tax deduction of up to Rs. 1.5 lakh, but there is no upper limit to the amount that can be invested. One can reduce their annual tax liability by up to ₹46,800 by putting their money into an ELSS.

Equity Linked Savings Schemes (ELSS) represent a significant investment avenue in India, blending the potential for high returns with tax-saving benefits under Section 80C of the Income Tax Act, 1961. These mutual funds invest predominantly in stocks of listed companies, with a diverse portfolio spanning across market capitalization and sectors. Aimed at maximizing capital

Received: 2 March 2024
Revised: 12 March 2024
Final Accepted 27 March 2024

DOI: https://doi.org/10.5281/zenodo.10887273

appreciation over the long term, ELSS funds are managed by expert fund managers who conduct rigorous market research to construct portfolios that deliver optimal risk-adjusted returns. Investors can avail tax deductions of up to Rs. 1.5 lakh annually by investing in ELSS, resulting in substantial tax savings of up to ₹46,800 per year. With a minimum lock-in period of three years, ELSS offers market-linked returns dependent on the performance of the underlying equities, making it an attractive option for individuals seeking higher returns on their investment portfolios, particularly salaried individuals and first-time investors. Compared to alternative tax-saving instruments like ULIPs and the National Pension System (NPS), ELSS stands out with its shorter lock-in period and potential for higher returns. Additionally, considerations such as fund returns, fund house reputation, expense ratio, financial parameters, and fund manager expertise play crucial roles in ELSS fund selection. The choice between SIPs and lumpsum investments further adds flexibility to investors' strategies, with SIPs often favored for their cost averaging benefits. Overall, ELSS emerges as a versatile and rewarding investment avenue, offering a blend of tax benefits and wealth creation potential for investors across different risk profiles and investment horizons.

Review of Literature

Arul Prasad.P. and Vijayakumar.L. (2017) examined how several demographic factors affected investors' perceptions of mutual funds. In addition, it highlighted the advantages that investors receive from mutual funds. Respondents with varying demographic features were polled for this study. According to the report, most investors are not interested in investing in mutual funds.

In their 2016 study, B. Kishori and N. Bhagyasree examined the effectiveness of transition economy open-ended, growth-oriented equity programs. According to the analysis, the returns on 14 of the 30 mutual fund schemes had surpassed the benchmark. The outcomes also demonstrated that a lack of diversification was a factor in some of the schemes' poor performance. All of the schemes in the analysis had positive Sharpe ratios, indicating that the funds were yielding returns higher than the risk-free rate.

Aashish Jain (2017) in his study made an attempt to evaluate the performance tax savings mutual funds through statistical tools like return, standard deviation, Coefficient of variation, Sharpe ratio, Treynor ratio and Jenson alpha. The main purpose of the study was to compare five ELSS scheme of public sector and private sector. Investing in mutual funds is very popular among small investors to seek tax incentives. Taxefficient mutual fund plans or equity-linked savings schemes provide investors with tax relief. Therefore, the research was conducted to meet the investors' goals. It would be concluded from the study that DSPBR Tax saver fund (G) outperformed amongst selected schemes.

Khalid Ashraf Chisti & Amir Rahman (2018) evaluated the performance of top 10 tax saving mutual fund schemes operating in India. Performance was evaluated according to annual returns

Received: 2 March 2024
Revised: 12 March 2024
Final Accepted 27 March 2024

DOI: https://doi.org/10.5281/zenodo.10887273

International Journal of Research (IJR)
e-ISSN: 2348-6848
p-ISSN: 2348-795X
Vol. 11 Issue 03
March 2024

and compared to the NIFTY50 benchmark index using various statistical tools like average return, beta, Sharpe ratio, Treynor ratio and Jensen alpha. The study concluded that all ELSS funds outperform the market index in terms of average return and were risky except for certain schemes; with the exception of Aditya Birla Sunlife Tax Relief , all funds performed more steadily than the benchmark. In addition, axis fund was the most trustworthy scheme in market; likewise, all the funds have positive relationship with the market.

Richa Pathak (2018) investigated performance of ELSS Growth funds using various tools like Beta, Sharpe ratio, Jensen ratio etc. Also proposed appropriate ELSS mutual fund so that the investors can achieve their investment goals. The research was undertaken for the period of 5 years and 10 ELSS growth funds was analysed. Research shows that the ELSS-Growth Fund is above the benchmark index and was well.

Objectives:

1. To analyze the historical performance of select ELSS funds over the past five years.
2. To evaluate the average growth rates of ELSS funds to understand their consistency in delivering returns.
3. To compare ELSS with other tax-saving instruments in terms of lock-in period, risk level, expected returns, and tax benefits.
4. To provide insights into the suitability of ELSS for different investor profiles, such as salaried individuals and first-time investors.
5. To highlight key factors to consider while selecting ELSS funds, including fund returns, fund house history, expense ratio, financial parameters, and fund manager expertise.
6. To offer recommendations for investors based on the findings of the study and their individual investment goals and risk appetite.

Research Methodology

- The research primarily rely on publicly available data sourced from reputable financial platforms such as S&P BSE Sensex and Moneycontrol.com.
- Historical performance data of select Equity Linked Savings Scheme (ELSS) funds will be collected for the past five years, including annual returns and average growth rates.
- Information on other tax-saving instruments like Public Provident Fund (PPF), National Savings Certificate (NSC), 5-Year Tax-Saving Fixed Deposits, and National Pension System (NPS) will also be gathered to facilitate comparative analysis.
- The collected data is analyzed to assess the performance consistency of ELSS funds over the study period.

Received: 2 March 2024
Revised: 12 March 2024
Final Accepted 27 March 2024

DOI: https://doi.org/10.5281/zenodo.10887273

International Journal of Research
(IJR)
e-ISSN: 2348-6848
p-ISSN: 2348-795X
Vol. 11 Issue 03
March 2024

Data Analysis and results

One can increase tax savings returns by using alternative tax-saving products available on the market. These assets have fixed returns, which might not be able to outpace the impact of inflation. This isn't the case with ELSS, though, since it makes investments in stocks that have a high chance of producing positive returns that outpace inflation. It is also the only tax-saving plan with a three-year lock-in term that is the shortest. Below given is the comparison:

Table 1: comparison between ELSS and other tax-saving instruments:

ELSS Vs. Other Tax Saving Schemes					
Investments	**ELSS**	**Public Provident Fund (PPF)**	**National Savings Certificate (NSC)**	**5 Year Tax-Saving Fixed Deposits**	**National Pension System (NPS)**
Type of Investment	Mutual Fund (Equity)	Government Scheme	Government Scheme	Bank Fixed Deposit	Pension Scheme
Lock-in Period	3 years	15 years	5 years	5 years	60 years age
Risk Level	High	Low	Low	Low	Moderate to High
Expected Returns	Market-linked	7.1% (Keeps changing)	7.7% (Keeps changing)	Around 6% to 7%	Market-linked
Tax Deduction Limit (Section 80C)	Up to ₹1.5 lakh	Up to ₹1.5 lakh	Up to ₹1.5 lakh	Up to ₹1.5 lakh	Up to ₹1.5 lakh

Source: https://www.etmoney.com/learn/mutual-funds/elss-mutual-funds/

Equity Linked Savings Scheme (ELSS) stands out among various tax-saving options due to its investment nature primarily focused on equity markets, making it a type of mutual fund. Unlike other schemes like the Public Provident Fund (PPF) or National Savings Certificate (NSC), ELSS offers a shorter lock-in period of 3 years, providing investors with relatively quicker liquidity. However, this shorter term comes with higher risk, as ELSS investments are subject to market fluctuations. While the returns from ELSS are market-linked and thus can vary significantly, they have the potential to surpass the fixed returns offered by PPF, NSC, or tax-saving fixed deposits. These traditional schemes, characterized by low risk and longer lock-in periods, offer stable but comparatively lower returns. Moreover, investments in the National Pension System (NPS), which span until retirement age, offer moderate to high risk and returns, being market-linked like ELSS. Importantly, all these investments fall under the Section 80C tax

Received: 2 March 2024
Revised: 12 March 2024
Final Accepted: 27 March 2024

DOI: https://doi.org/10.5281/zenodo.10887273

e-ISSN: 2348-6848
p-ISSN: 2348-795X
Vol. 11 Issue 03
March 2024

deduction limit of up to ₹1.5 lakh, providing taxpayers with avenues to save on taxes while meeting their long-term financial goals. Ultimately, the choice between ELSS and other tax-saving schemes depends on an individual's risk appetite, investment horizon, and financial objectives.

Equity-linked savings schemes (ELSS), the performance of various funds over the past five years

Chart 1: Performance analysis

In the realm of equity-linked savings schemes (ELSS), the performance of various funds fluctuated over the past five years, reflecting the volatility inherent in equity markets. Among the mentioned funds, the SBI Long Term Equity Fund - Regular Plan - Growth exhibited impressive growth rates in 2021 and 2023, with returns soaring to 29% and 39%, respectively. Similarly, the ITI ELSS Tax Saver Fund and Motilal Oswal ELSS Tax Saver Fund experienced substantial growth in 2023, registering returns of 38%. However, the performance of these funds varied across different years, with fluctuations evident in their annual returns. For instance, while the Bank of India ELSS Tax Saver - Direct Plan - Growth achieved significant growth in 2020 and 2021, with returns of 32% and 41% respectively, its performance in other years was more modest. On the other hand, the Baroda BNP Paribas ELSS Tax Saver Fund witnessed mixed results, with negative returns in 2022 but positive growth in other years. Overall, investors in ELSS funds experienced a mix of highs and lows, emphasizing the importance of understanding market dynamics and conducting thorough research before making investment decisions.

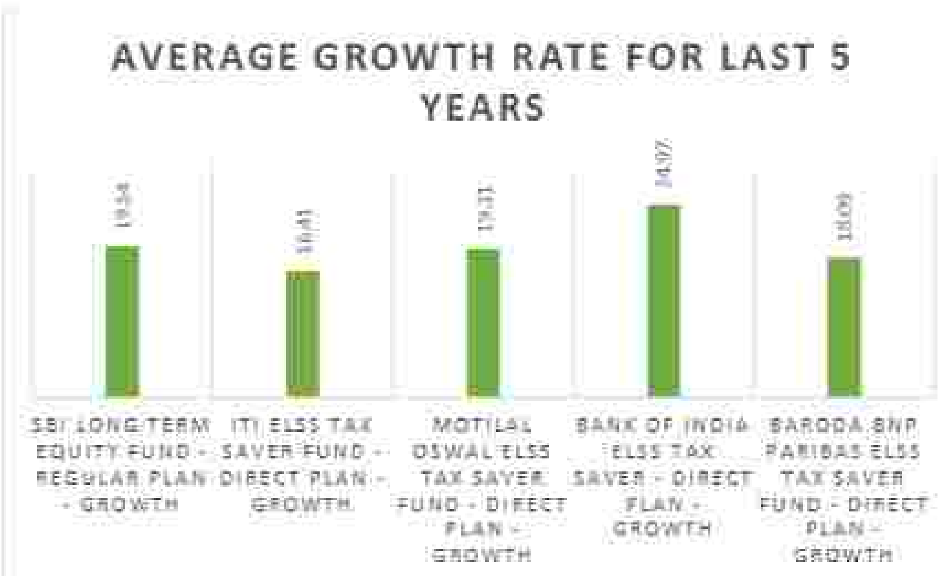
Received: 2 March 2024
Revised: 12 March 2024
Final Accepted 27 March 2024

DOI: https://doi.org/10.5281/zenodo.10887273

International Journal of Research
(IJR)
e-ISSN: 2348-6848
p-ISSN: 2348-795X
Vol. 11 Issue 03
March 2024

The average growth rate for the last five years

Chart 2: Comparative Anaysis



The average growth rate for the last five years provides a comprehensive view of the performance consistency of each ELSS fund. In this context, the SBI Long Term Equity Fund - Regular Plan - Growth maintained a steady average growth rate of 19.54%, reflecting its ability to deliver consistent returns over the period. Similarly, the ITI ELSS Tax Saver Fund - Direct Plan - Growth and the Motilal Oswal ELSS Tax Saver Fund - Direct Plan - Growth showcased commendable average growth rates of 16.41% and 19.31% respectively, indicating relatively stable performance over the five-year period.

On the other hand, the Bank of India ELSS Tax Saver - Direct Plan - Growth exhibited a higher average growth rate of 24.97%, suggesting a more aggressive growth trajectory compared to its peers. Despite potential fluctuations in performance from year to year, this fund displayed strong overall growth over the five-year span. Meanwhile, the Baroda BNP Paribas ELSS Tax Saver Fund - Direct Plan - Growth maintained a respectable average growth rate of 18.09%, demonstrating consistent growth albeit at a slightly lower pace compared to some of the other funds.

Received: 2 March 2024
Revised: 12 March 2024
Final Accepted 27 March 2024

DOI: https://doi.org/10.5281/zenodo.10887273

Overall, analyzing the average growth rates for the last five years provides investors with valuable insights into the historical performance stability of each ELSS fund, helping them make informed decisions based on their risk tolerance and investment objectives.

Conclusion

Equity Linked Savings Schemes (ELSS) in India have emerged as popular tax-saving investment options offering the dual benefits of potential high returns and tax deductions under Section 80C. Through the analysis of historical performance and comparison with other tax-saving instruments, this study demonstrates the advantages of ELSS, including shorter lock-in periods, market-linked returns, and diversified equity exposure. Furthermore, the research highlights the suitability of ELSS for different investor profiles, such as salaried individuals seeking higher returns and first-time investors looking to gain exposure to equity markets. By considering key factors like fund returns, fund house history, expense ratio, and fund manager expertise, investors can make well-informed decisions to maximize their investment returns while minimizing tax liabilities. Overall, ELSS remains a compelling investment avenue for long-term wealth creation and tax planning strategies in India.
Mutual funds that save taxes are called Equity Linked Savings Schemes, or ELSS in India. They combine Section 80C tax deductions with the advantages of equity investing. Long-term investors favor ELSS because of its 3-year lock-in period, which allows for tax savings and the possibility of large gains.

References

- Arul Prasad.P, Vijayakumar.L(2017) "A Study Of Investors Attitude Towards Mutual Fund With Special Reference To Investors In Puducherry", Singaporean Journal of Business Economics, &Management Studies, Vol 5, pp 52-60 ,2017.
- B. Kishori, N. Bhagyasree(2016) "A Study on Performance Evaluation of MutualFunds Schemes in India" International Journal for Innovative Research in Science & Technology, Volume 2 ,Issue 11 , pp 812-816,April-2016
- Chisti K. A., &Rahman A., (2018), Performance Evaluation of Equity Linked Saving Schemes: An Evidence from India, Global Journal of Management and Business Research (C), Volume 18, Issue 6, Version 1.0, Online ISSN: 2249-4588 & Print ISSN: 0975-5853.
- Gupta O.P., & Gupta A. (2004). Research Methodology for Performance Evaluation of Mutual Funds. In P.P. Arya and Yeshpal (Eds.), Research Methodology in Management Theory and Case Studies, New Delhi: Deep and Deep Publishing Pvt. Ltd.

Received: 2 March 2024
Revised: 12 March 2024
Final Accepted 27 March 2024

DOI: https://doi.org/10.5281/zenodo.10887273

e-ISSN: 2348-6848
p-ISSN: 2348-795X
Vol. 11 Issue 03
March 2024

- Jain A., (2017), Performance Evaluation of Tax Savings Mutual Funds, International Journal of Current Research, Vol. 9, Issue, 06, pp.53366-53369.
- Lin, R., & Chen, Z. (2008). New DEA performance evaluation indices and their applications in the American fund market. Asia-Pacific Journal of Operational Research, 25(04), 421-450.
- Nageswara Rao, S.V.D., Shrivastava, L., & Ramachandra, V.S. (2004). Single and MultiCriteria Ranking of Mutual Fund Schemes. Leena and Ramachandra, Vishnu S., Single and Multi-Criteria Ranking of Mutual Fund Schemes (December 20, 2004).
- Pathak R., (2018), A Study On Performance Evaluation of ELSS Mutual Funds with Special Reference to Growth Funds, Journal of Emerging Technologies and Innovative Research, Volume 5, Issue 5.
- https://www.moneycontrol.com/

Received: 2 March 2024
Revised: 12 March 2024
Final Accepted 27 March 2024

DOI: https://doi.org/10.5281/zenodo.10887273

PUBLICATION CERTIFICATE

This publication certificate has been issued to

Dr. Bageshree P. Bangera Bandekar

For publication of research paper titled

Evaluation of Issue and investment in Green Bond in India

Published in

International Journal for Social Studies (IJSS) with ISSN 2455-3220

Vol:10 issue: 3 Month: *March* **Year:** *2024*

Impact factor: *7.854*

The journal is indexed, peer reviewed, International Journal indexed in Researchgate.

Editor

Johana Sebastina

Editor

International Journal for Social Studies

https://journals.eduindex.org/index.php/ijss
editor@eduindex.org

Note: This eCertificate is valid with published papers and the paper must be available online at https://journals.eduindex.org/index.php/ijss/

International Journal for Social Studies

ISSN: 2455-3220
Vol 10 Issue 03
March 2024

Evaluation of Issue and investment in Green Bond in India

Dr. Bageshree P. Bangera Bandekar
Associate Professor
Cosmopolitan's Valia College

Mrs. Poonam D Shah
Research Scholar
D.T.S.S. College of Commerce

Abstract

Green bonds are a promising tool for mobilizing capital for climate-friendly projects. Green Bond evolved since the thematic bond market started in 2008 by World Bank through issuance of the first labelled green bond (Thapliyal S., ET, 2023). In India, Green Bond is still in its infant stage and has long life to survive. Survival of Green Bond in India highly depends on the government's role to address few challenges that need to be resolved in order to fully harness its potential. The growth of the green bond market in India will depend on a number of factors, including the level of awareness among investors, the development of clear regulations and standards, and the provision of support for green bond issuers. Indian Government has started its move to lead sustainable finance by issuing its own sovereign green bond first time in January, 2023. The global market for sustainable finance has registered considerable growth since 2014 mainly led by the issuance of green bonds (Manghnia A., ET, 2023). India in the long run will have to aim to compete globally for sustainable finance. In this research paper, researchers have tried to evaluate history of Green Bond in India to achieve better targets in future as one of the tool of sustainable finance.

Key Words: Green Bond, Sustainable Finance, Sovereign Bond, Environment, World Bank

"The only way forward, if we are going to improve the quality of the environment, is to get everybody involved." – Richard Rogers

Received on 2 March 2024
Revised on 8 March 2024
Published on 12 March 2024.

DOI: https://doi.org/10.5281/zenodo.10808160

ISSN: 2455-3220
Vol 10 Issue 03
March 2024

Introduction:

"We won't have a society if we destroy the environment." – Margaret Mead

Favourable climate is an essential requirement for existence of this society. But since years, human being been the main cause behind adverse alteration in climate change, major reason being burning of fossil fuels like coal, oil and gas (www.un.org). Humans have to bear the penalties of this alteration in the form of intense flood, scarcity of drinking water, wood fires, melting polar ice, rising sea levels, drought, biodiversity degradation. Each and every part of this world contributes to the emissions that cause climate change, but some countries lead others. Major seven countries leading in this emission of greenhouse gas were China, the United States of America, India, the European Union, Indonesia, the Russian Federation, and Brazil by 2020 (www.un.org.). Being leaders of climate exploitation, these countries need to be responsible for taking lead for climate protection action.

For this various frameworks, agreements and processes are defined at world level such as the Paris Agreement, the UN Framework Convention on Climate Change and the Sustainable Development Goals. Major concern is to cut emissions, adapting to climate impacts and financing required adjustments. As per UN report major countries are aiming to Net Zero Emissions by 2050. To achieve this in long term, by 2030 emissions must be cut in half by keeping boiling below 1.5°C. There is only one way to achieve this i.e. huge declines in the use of fossil fuels and mass usage of renewable energy.

Climate action calls for significant financial investment. It enforces all government authorities like banks, regulators and local bodies to expand their role to mobilize capital for low-carbon and resilient investment, managing all hurdles of major risk. However unitedly all countries decided to face this risk for better sustainable life in the green world under the leadership of United Nation through its 17 Sustainable Development Goals introduced in 2015. Implementing this since 2016, with intention of funding required climate action, 19 emerging market governments have issued Green, Social, and Sustainability bonds i.e. GSS Bonds (www. world bank.org).

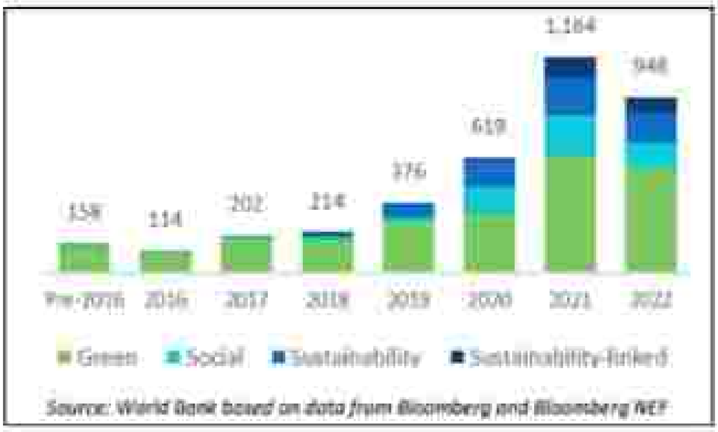
By the end of 2022, GSS bonds were issued amounting to USD 3.8 trillion. In 2022, total value of GSS bond issue reached USD 948 billion, showing 19% decrease compared to 2021. Across all different types, social bonds only witnessed largest decline in volume (-39%) in 2022

Received on 2 March 2024
Revised on 8 March 2024
Published on 12 March 2024. DOI: https://doi.org/10.5281/zenodo.10808160

ISSN: 2455-3220
International Journal for Social Studies
Vol 10 Issue 03
March 2024

compared to 2021. (GSS Quarterly News Letter, Issue 2 of World Bank). Following figure supports the same.

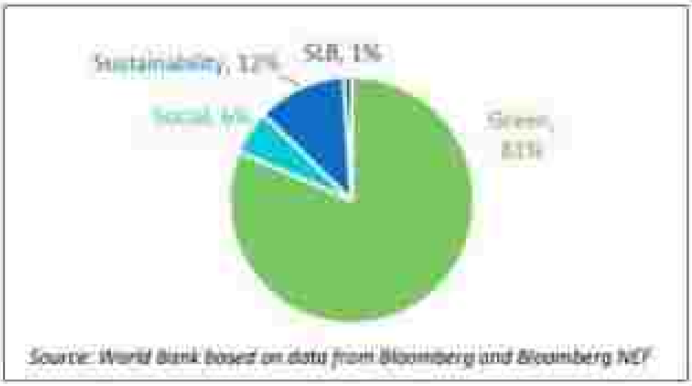
Figure 1 – Global GSS Bond Annual Issuance, USD Bn Year to Date



Source: GSS Quarterly News Letter, Issue 2, World Bank

As per World Bank newsletter, sovereign issuers prefer Green Bonds the most (81% of the total issued) as reflected in below given figure. To accomplish green and sustainable projects. As of January 2023, Green Bonds have raised total $2.5 Trillion globally. (www.worldbank.org)

Figure 2 - Sovereign GSS issuance by type of instrument, % year to date



Source: GSS Quarterly News Letter, Issue 2, World Bank

Following so many regulations by International Organisations such as United Nations and World Bank at world level, India also must had taken actions to develop sustainable finance at national level. In this research paper, researchers tried to undertake study to understand and evaluate steps taken by Indian government in this path.

Received on 2 March 2024
Revised on 8 March 2024
Published on 12 March 2024. DOI: https://doi.org/10.5281/zenodo.10808160

ISSN: 2455-3220
Vol 10 Issue 03
March 2024

Review of Literature:

According to ICMA, "Green Bonds are any fixed income financial instruments where the proceeds will be exclusively used to finance (or re-finance) new (and/or existing) green projects where green projects are related to the followed field: Renewable energy, energy efficiency, pollution prevention, clean transportation, sustainable water management, etc." (ICMA 2018, Green Bond Principles). Cortellini G. & Panetta I. (2021), highlight roots of green bond. CBI (Climate Bond Initiative) and ICMA are two Non-Profit Organisations (NPO) at international level diverting efforts to mobilize capital flows for projects contributing to green climate. These organisations are working towards providing market intelligence, standards, and policy recommendations, assisting all security markets participants to accentuate good practices and standards in the market. In July, 2013; the first issuer of municipal green bond was the state of Massachusetts in the USA. In November, 2013; the 'Electricite de France' was the first corporate green bond issuer. (Jones et al. 2020) highlighted that in 2013 itself, various green bond market indices were launched to sign the market progress contributing to the development of the market. Ehlers T. & Packer F. (2017) attested that issuance of labelled green bonds has increased rapidly from January 2014 after the International Capital Market Association (ICMA) the launched Green Bond Principles. With increasing reach there is high need of credit ratings of the same. Green bond standards could be enhanced further by incorporating estimation of the degree of financial risks restricting from environmental factors. Ning Y et al. (2023) highlighted that Value-at-Risk is defined at a global level a new concept of Energy Budgets at Risk (EBaR) is developed for building efficiency project risk and return analysis for financial decision-makers. It was recommended by government of respective countries to incorporate Value-at-Risk-type energy efficiency analysis in utility, state, and federal incentive programs. Agarwal S. & Singh T. (2018) approved that Indian Green Bond Market has not yet succeeded to put its feet in the Indian financial market. In 2013, with introduction of the Green Bond Principle (GBP), the market responded positively. Green Bond Principal is a voluntary process to recommend guidelines for transparency and disclosure and promote integrity for the development of the Green Bond market. It gives guidelines for standardized issue process. Over the years after GBP, India has developed several standards and models to fill the gap of evaluation of environmental credentials of bonds. Kumar S. (2022) backing that India has lot of potentials for the development of green bond market. Fast developing economy, adaptive & transformative financial sector, fast spreading global linkages, playing prominent role in global

Received on 2 March 2024
Revised on 8 March 2024
Published on 12 March 2024 DOI: https://doi.org/10.5281/zenodo.10808160

ISSN: 2455-3220
Vol 10 Issue 03
March 2024

policymaking creates favourable financial environment for growth of flourishing Green Bond Market.

Objectives of the study:

This research was undertaken by the researchers to achieve following objectives-

1. To understand the structure of green financing initiatives in India.
2. To evaluate investment pattern of financing of Green Bond in India.
3. To examine various challenges in the Indian Green Bond Market.

Research Methodology:

This study is based on secondary data collected from various reports published by regulatory organisations and authorities at national and global level such as Government of India, World Bank, reports of public and private sector organisations and banks in India, United Nations, and various research papers.

Evaluation of Green Bond in India:

India, though accounts for only 7% of the world's greenhouse gas emissions, but committed to take bold steps to decarbonize its economy. (CFLI India, 2023). India through its National Determined Contribution (NDC) adopted under Paris Agreement, now committed to reduce is its emission intensity of its GDP by 45% by 2030 from 2005 level and further it is committed to reduce its cumulative electric power installed capacity by 50% , from non-fossil fuel-based energy resources by 2030 (www.dea.gov.in). India has already invested close to $87 billion in its renewable energy sector in last 10 years and presently, according to Bloomberg, an investment opportunity of $ 650 billion is available in India's power sector transition across generation, storage, and grid infrastructure, according to Bloomberg. Private capital will be crucial, in addition to available public and existing finance, to deliver these investments (CFLI India, 2023).

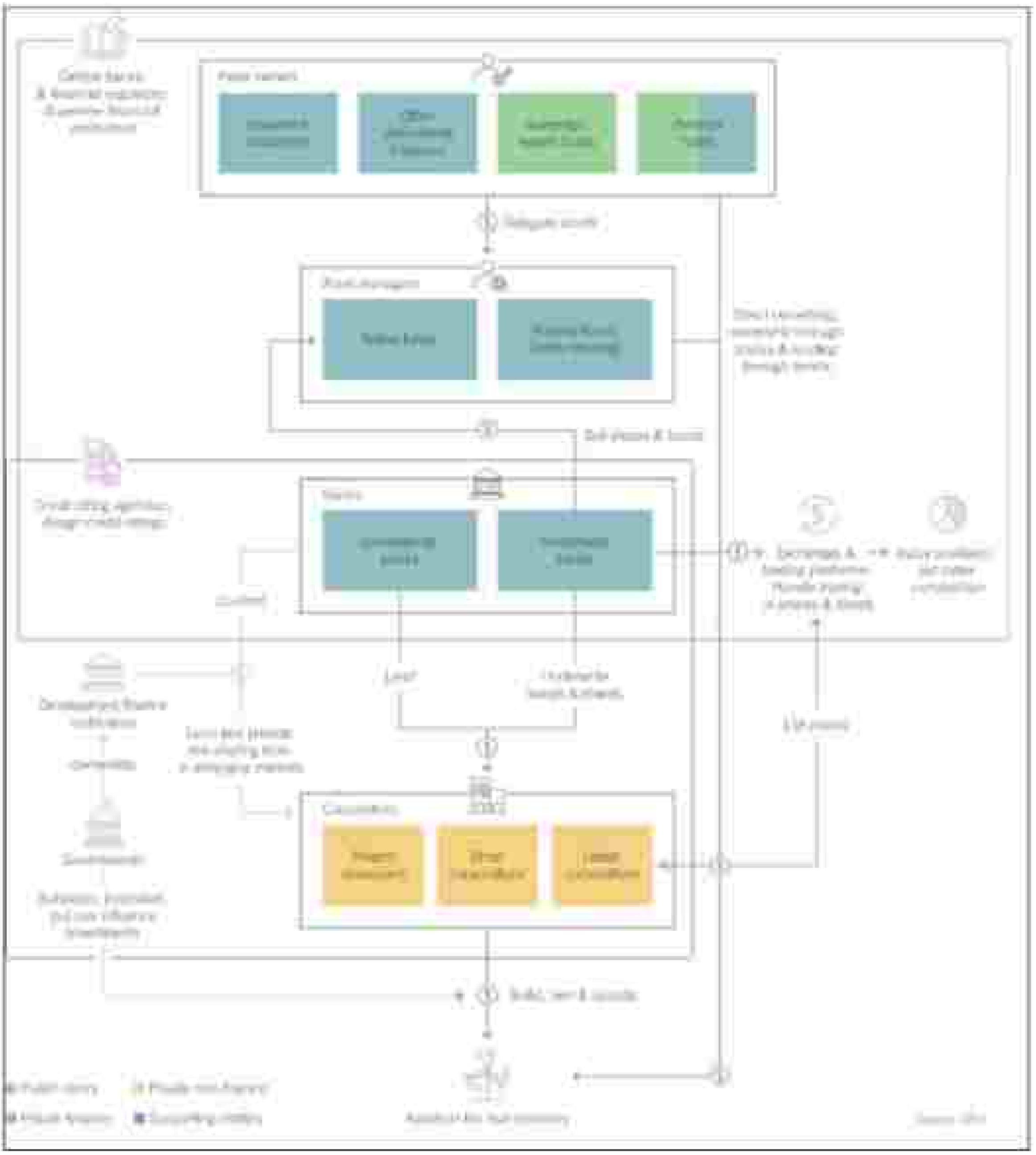
To achieve this, many schemes and programmes has commenced by Indian Government in many sectors like forest, energy and enterprise, agriculture, waste management, sustainable mobility and housing, water, , resource efficiency and circular economy. . All these is estimated with additional investment of $380 billion by India's Ministry of New and Renewable Energy (MNRE). For the growth of the renewable energy sector in India and to reach its renewable energy goals, long-term, low-cost debt capital is very critical., The U.S. Agency for

Received on 2 March 2024
Revised on 8 March 2024
Published on 12 March 2024. DOI: https://doi.org/10.5281/zenodo.10808160

ISSN: 2455-3220
Vol 10 Issue 03
March 2024

International Development (USAID) between 2013 to 2017 associated itself with the MNRE to find financing mechanisms that are innovative and it can help to overcome the market's financial limitations (ww.usaid.org). To fund all these sustainable development projects, India was highly self-reliant. But it requires collective efforts of government entity, public sector & private sectors. Following figure gives detail information on parties involved actively to boost Indian Green Bond Market as the same is applicable at a global level.

Figure 3 – The investment chain: The interaction of the private sector, public sector, & real economy



Source: https://www.bloomberg.com/cfli/impact/#1689142363798-a14fea09-ff78

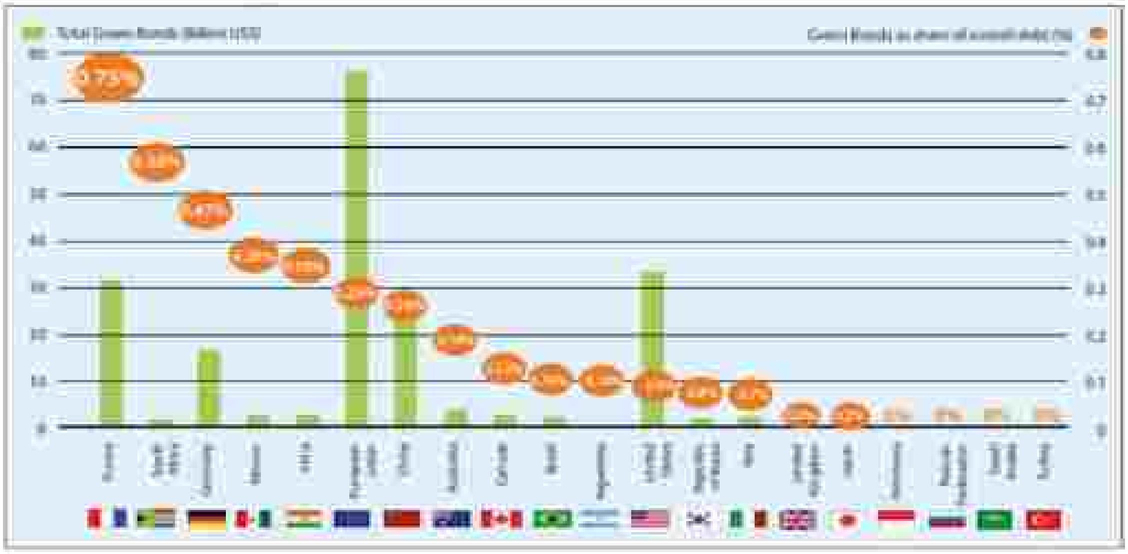
Received on 2 March 2024
Revised on 8 March 2024
Published on 12 March 2024 DOI: https://doi.org/10.5281/zenodo.10808160

ISSN: 2455-3220
Vol 10 Issue 03
March 2024

Banking system in India should promise faster growth of the green bonds market as it is established with vibrant securities markets. India's regulatory structure is well developed and enabling seamless integration with global regulatory templates and standards will help to successfully harness the potential of emerging market segments.

In 2015, , India move in the green bond market (GBM) after YES Bank issued the first green bond to finance the renewable and clean energy projects. Gradually, the GBM has increased its operations to Government owned Commercial Banks, Government owned Financial Institutes, PSU's private corporates, and the banking sector. India ranks fifth among G20 Countries in Green Bond issuance as a share of country's overall debt market, As per The Climate Transparency's Brown to Green Report 2017.

Figure 4 – Green Bond Issuance of G20 Countries



Source: Climate Transparency Group, G20 Brown to Green Report, 2017

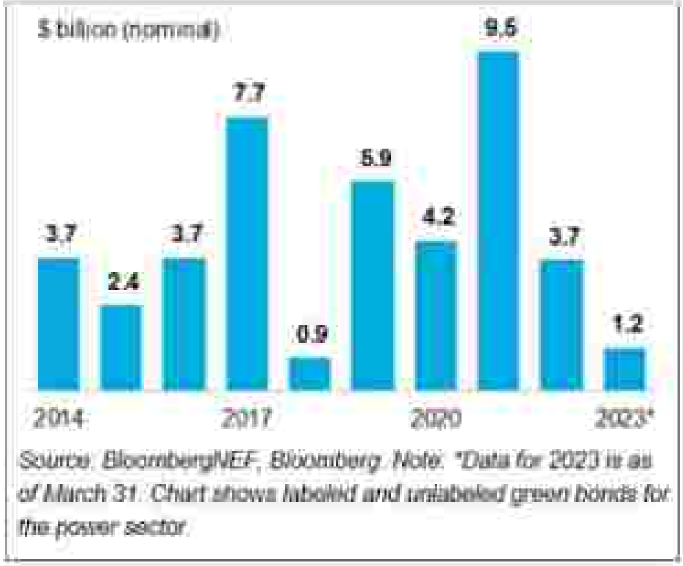
This attests the position of Indian Green Bond Market in 2017 and future scope in the country. Issue of Sovereign Green Bonds to achieve its mark of significant reduction in the carbon intensity of the economy was announced in The Union Budget 2022-23. On 25 January, 2023 **India** came up with its launch of first green bond to raise about INR 8000 Crore , maturing 5 and 10 years for projects which are contributing to climate change mitigation, adaption environmental protection, biodiversity, resource and net zero objectives. (www.dea.gov.in). It was oversubscribed for more than four times. On 9 February, 2023 issue was reopened for INR 4000 Crore increasing India's green liabilities to INR 16000 Crore (www.rbi.org.in). The proceeds from this have been earmarked for use of expenditures on various projects such as

Received on 2 March 2024
Revised on 8 March 2024
Published on 12 March 2024 DOI: https://doi.org/10.5281/zenodo.10808160

ISSN: 2455-3220
Vol 10 Issue 03
March 2024

solar energy use, and wind energy from agriculture to industry. It also gets extended to green hydrogen, metro lines and afforestation. (Initiative Climate Bond, 6 March, 2023).

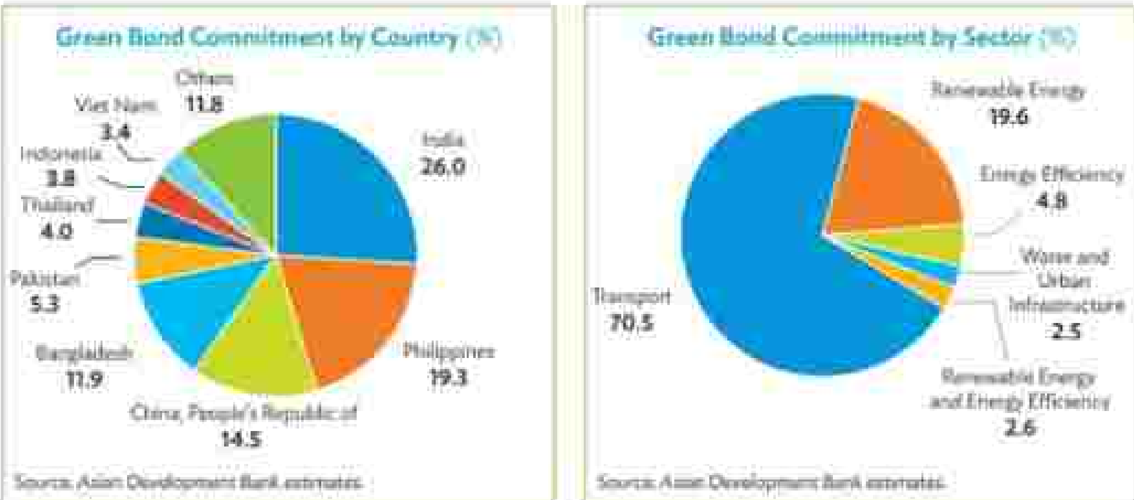
Figure 5 – India's Annual Green Bond Issuance



Source: TOI, 14 June, 2023

India is the sixth largest issuer of GSS+ in the Asia Pacific Region, as per the World Bank (IBRD) Impact Report, 2022. However, adverse macroeconomic factors observed in 2022 resulted into a drip in debt volumes across the board.

Figure 6 – Green Bond Commitment by Country & Sector



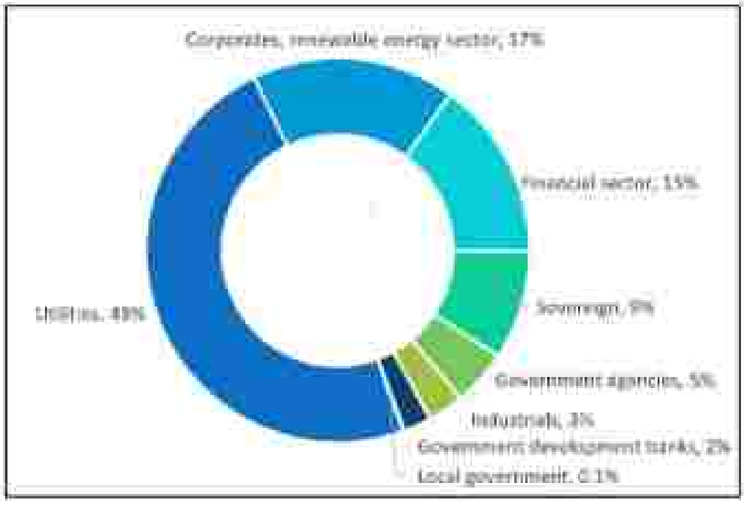
Source: The World Bank (IBRD) Impact Report, 2022

Received on 2 March 2024
Revised on 8 March 2024
Published on 12 March 2024. DOI: https://doi.org/10.5281/zenodo.10808160

ISSN: 2455-3220
Vol 10 Issue 03
March 2024

Strong demand for Indian currency Green Bond was observed from domestic investors. This can be an attraction for private sector players to enter into the sustainable finance market. Before entry of major private players, stringent regulations are required in India to march in its sustainable investment growth nationally & internationally.

Figure 7 – Sector wise issue of Green Bond in India



Source: World Bank with data from Bloomberg

Sovereign green bonds definitely going to play a major role in auxiliary India's green transition to achieve its adapted targets of falling emissions by 2030 and achieving zero emission by 2070. In spite of good pick up of Indian Green Bond Market, the pace of growth in this direction is very slow. Few challenges still faced are –

1. Existence of lot of misconception about understanding, regulations and benefits of Green Bond
2. Lot of compliance concerns and lack of investor demand
3. Absence of strong supportive regulatory environment
4. High issuance cost
5. Lack of Transparency, standardized reporting and independent third-party verification

Recommendation & Conclusion:

Based on the evaluation of Indian Green Bond Market as mentioned above, researchers have few recommendations for future growth of Indian Green Bond Market. It is as follows-

- Innovated features in Green Bond such as flexibility in duration of investment for investor

Received on 2 March 2024
Revised on 8 March 2024
Published on 12 March 2024. DOI: https://doi.org/10.5281/zenodo.10808160

ISSN: 2455-3220
Vol 10 Issue 03
March 2024

- Credit Ratings for green bond
- Encouragement to domestic institutional investor for widening investor base
- Bench Marking with some other government securities
- Stringent guidelines for issuance and listing of green bond in local market
- Generating awareness through publicity through traditional and modern means of social media
- Application of certifications for professionals involved in management of green bonds
- Special education through specific programmes directing to sustainable finance or green bonds markets
- Encouraging more research in sustainable finance arena

If governing body takes up few of the above recommendations, Indian Green Bond market can be one of the strong thread of sustainable finance.

References:

- Abhilash, Shenoy, S. S., Shetty, D. K., Lobo, L. S., & N, S. K. (2023). Green Bond as an Innovative Financial Instrument in the Indian Financial Market: Insights From Systematic Literature Review Approach. *SAGE Open, 13*(2), 21582440231178783. https://www.bloomberg.com/cfli/mobilizing-investment/india/
- Agarwal, S., & Singh, T. (2018). Unlocking the green bond potential in India. http://hdl.handle.net/2451/42243
- Cortellini, Giuseppe, and Ida Claudia Panetta (2021) Green Bond: A Systematic Literature Review for Future Research Agendas. *Journal of Risk and Financial Management* 14: 589. https://doi.org/10.3390/ jrfm14120589
- Ehlers, Torsten and Packer, Frank, Green Bond Finance and Certification (September 17, 2017). *BIS Quarterly Review* September 2017, Available at SSRN: https://ssrn.com/abstract=3042378
- Gupta, A. R., & Bonds, G. (2020). Financing India's renewable energy vision. *ORF Issue Brief, 336*
- Kumar, S. (2022). Critical assessment of green financing initiatives in emerging market: A review of india's green bond issuances. *Academy of Marketing Studies Journal, 26*(5), 1-14.

Received on 2 March 2024
Revised on 8 March 2024
Published on 12 March 2024. DOI: https://doi.org/10.5281/zenodo.10808160

ISSN: 2455-3220
Vol 10 Issue 03
March 2024

- Nassiry, D. (2018). *Green bond experience in the Nordic countries* (No. 816). ADBI Working Paper.
- Verma, A., & Agarwal, R. (2020, April). A study of green bond market in India: A critical review. In *IOP Conference Series: Materials Science and Engineering* (Vol. 804, No. 1, p. 012052). IOP Publishing.
- https://economictimes.indiatimes.com/markets/bonds/unlocking-full-potential-of-green-bonds-in-india/articleshow/101541808.cms
- https://www.mdpi.com/1911-8074/14/12/589
- https://www.un.org/en/climatechange/science/key-findings
- https://www.usaid.gov/energy/sure/indian-green-bonds
- https://www.worldbank.org/en/news/feature/2023/04/10/from-india-to-indonesia-green-bonds-help-countries-move-toward-sustainability
- https://www.undp.org/sustainable-development-goals?gclid=CjwKCAjw8ZKmBhArEiwAspcJ7jLxBb-JvGCVKXYDddjUFoK2jkYKzS5wbEji5LclbjeW12cRZ0jQUxoCdT0QAvD_BwE
- https://thedocs.worldbank.org/en/doc/98c3baab0ea4fc3da4de0e528a5c0bed-0340012023/original/GSS-Quarterly-Newsletter-Issue-No-2.pdf
- Director of economic affairs, https://dea.gov.in/sites/default/files/Framework%20-for% 20Sovereign%20Green%20Bonds.pdf
- Climate Bonds India, https://www.climatebonds.net/2023/03/india%E2%80%99s-debut-sovereign-green-bond-market-first-deal-landed-greenium

Received on 2 March 2024
Revised on 8 March 2024
Published on 12 March 2024. DOI: https://doi.org/10.5281/zenodo.10808160

THIRD CONCEPT
an international journal of ideas. ISSN 0970-7247

Performance Evaluation of Initial Public Offers (IPOs) in Indian Capital Market during 2022

Dr. Bageshree P. Bangera Bandekar
Associate Professor, Cosmopolitan's Valia College

Mrs. Poonam D Shah
Research Scholar, D.T.S.S. College of Commerce

Abstract

"Every once in a while, the market does something so stupid it takes your breath away."

– By Jim Cramer

The above quote attests that investment in stock market requires smart move. Buying and selling at the right time will only result into profitable investment. However, stock market behaves very irrational, especially in the short term. In spite of knowing this people gets tempted to invest in stock market for short term and may suffer loss. Very common way of short-term investment in stock market is through IPO (Initial Public Offer). People apply in IPO with the intension of liquidating their investment on the day of listing of the shares, if it gets listed at premium. This leads to money circulation in Indian Economy aiming capital formation and ultimately economic development. So, IPO plays a vital role in growth of Indian Capital Market and Indian Economy. Researchers in this research paper tried to evaluate performance of IPOs in India during the year 2022. Performance is evaluated in terms of number of IPOs, fund raised through IPOs and over pricing or under-pricing of IPOs on the listing day. Stock market always performs in its own way, reacting to various information randomly. This random movement of the market results into profit or loss for the investors? – becomes very important to analyse to take right decisions for future investment.

Key Words: IPO, Stock Market, Capital Market, Listing, Under Price, Over Price

Introduction

Development of any economy depends on strength of its capital market. Growing Indian Capital Market is also one of the reason behind development of Indian Economy. Strong Political party on chair and Development of capital market supports each other to grow hand in hand. Growth of Capital Market attracts many business houses to come up with IPO with lots of trust on citizens of India. Many factors such as improved literacy level, increasing use of technology, investor's awareness programme, wide geographical reach of brokers and banks, increasing capital formation contributed to the growth of Indian Capital Market. Various stakeholders are involved in IPO viz. Issuing Company, Investors, Underwriters, SEBI, Citizens, and Economy. Any IPO declared, results into uncountable expectations and aspirations. Many eyes are rested on performance of IPO, which makes post evaluation of IPO important.

Review of Literature

Initial Public Offers (IPO) has become most favorable investment method recently for investors especially those who are not very expert and regular investor in capital market. (Shrivastav M., 2018). Investment and exit at the right time is very crucial for an investor with clear understanding of estimated and actual return to gain from IPO investment. (Yadav N., Dasgupta H & Moray R., 2018). IPOs resulting into quick gain tool for non-regular investors. It was found that IPO which are under-pricing are fetching higher returns. The closing price of the listing day is higher than the issue price on the listing day (Po >P1), it helps to boost demand and maintain price stability in the secondary market. Investors liquidate on listing day to enjoy quick gain but true worth of any shares can be discovered after few months of listing shares in the stock exchange. (Khan M. & et. al., 2021). Investors shall consider past performance of IPOs before fixing expected return. It was found that IPOs are generally under-priced on the listing day. Investors investing in IPOs at the Issue price and continuing their holding of shares received in allotment over a longer period are better-off compared to investors investing on the listing day. Investors investing at the listing price on the day of listing will have to retain it for long term at least for 2 years to get reasonable return (Sahoo S. & Rajib P., 2010). With more and more companies coming up with IPO, grading becomes very important. In spite of reliability and effectiveness of merits of IPO grading, in 2016 SEBI scrapped mandatory IPO Grading system. It was suggested that instead of scrapping the mandatory grading SEBI could have assumed to modify grading process (Gupta G. & Gupta M., 2016). Without grading investor's evaluation is mandatory before deciding on IPO application. Every investor need to gain detailed information on company such as prospectus, company background, previous financial performances, market performance before taking IPO application decision. Failing to which investor may have to be happy with return less than expected by him. Majority applicant are applying for IPO with intention of short term gain. But, really it is possible so? To reply this question, researcher tried to evaluate performance of IPOs in Indian capital market during recent year, 2022.

Evaluation of IPOs in India

Initial Public Offer is first time invitation to general public by the promoters/directors for investment in firm's business through purchasing equity shares and becoming shareholders. SEBI is an apex regulatory body in Indian Capital Market for safeguarding investor's interest and savings. Every IPO has to be compulsorily authorized by SEBI as per their given guidelines before announcing it to the public. With immense responsibility shouldered and well performed by SEBI, Indian public is entrusting capital market well compared to past. Keep in mind investor's interest SEBI during the year 21-22 took many significant measures, few of which pertaining to primary market is listed below

i. Specification of minimum difference in the price band of IPO.
ii. Allotment methodology is modified for non-institutional investors.

iii. Objective wise limitations on capital raising capacity.

iv. Anchor investor's lock in period & framework enhancements.

This is a decisive time, in which SEBI need to play dynamic role concentrating money supply in the economy to aim at high economic development. GDP growth rate in 21-22 was 8.9% compared to -6.6% in 20-21 (SEBI Annual Report, 21-22). As highlighted in the picture shared below, it was a remarkable growth of Indian Economy worldwide. India took lead in 2021 & 2022, and expected to maintain the same even in 2023. Market Stabilization during post pandemic period played an important role for the growth of Indian Financial Market. Indian Financial Market was observed energetic during first half of 21-22 due to recovery in economic activities, smooth liquidity flow and favorable macro-economic factors.

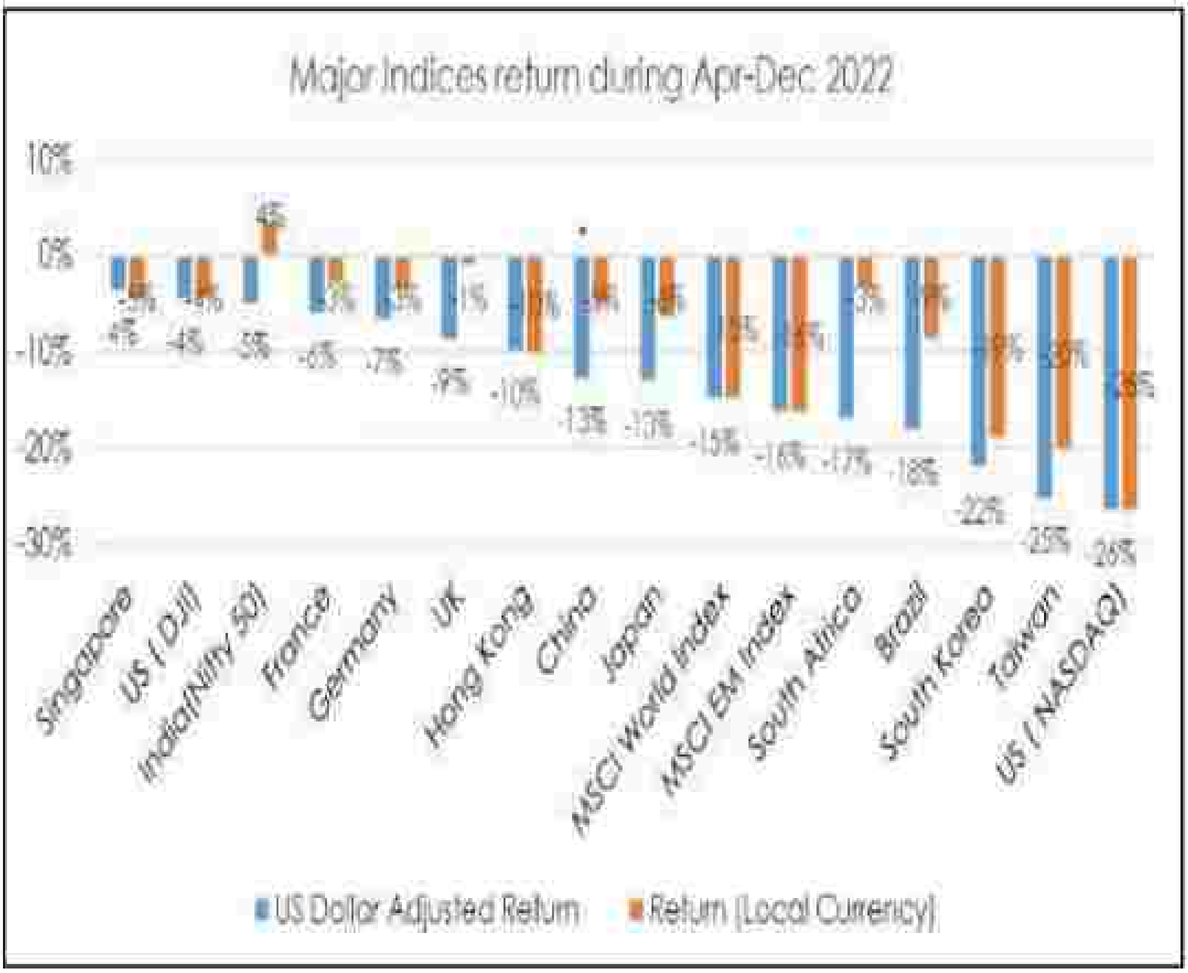
Table 1 - Global Trends in Economic Growth **(Amount in Percentage)**

Source: SEBI Annual Report 21-22; Ref Source: World Economic Outlook, April 2022, IMF Corrections in Nifty 50 during Oct. 18, 2021 till May 31, 2022 has been approximate 10.3% (SEBI Annual Report, 21-22). Overall benchmark indices viz. Sensex & Nifty showed a strong growth Y-o-Y basis 18.3% & 18.9% respectively during 21-22. Indian Financial

Parameters / Countries	**2020**	**2021**	**2022**	**2023**
World Output	-3.1	6.1	3.6	3.6
Advanced Economies	-4.5	5.2	3.3	2.4
Unites States	-3.4	5.7	3.7	2.3
Euro Area	-6.4	5.3	2.8	2.3
Emerging Market and Developing Economies	-2.0	6.8	3.8	4.4
Emerging and Developing Asia	-0.8	7.3	5.4	5.6
China	2.2	8.1	4.4	5.1
India	***-6.6***	***8.9***	***8.2***	***6.9***
Russia	-2.7	4.7	-8.5	-2.3
Brazil	-3.9	4.6	0.8	1.4
Mexico	-8.2	4.8	2.0	2.5
South Africa	-6.4	4.9	1.9	1.4
World Trade Volume (Goods & Services) Consumer Prices	-7.9	10.1	5.0	4.4
Advanced Economies	0.7	3.1	5.7	2.5
Emerging Market and Developing Economies	5.2	5.9	8.7	6.5

Market outperformed during the year 2022 resulting into pouring IPOs to raise fund required by companies from various sectors. Equity Issue via IPO increased tremendously in volume as well as size in the year 2022 compared to 2021 (SEBI Annual Report, 21-22). In the year 21-22 total fund elevated through IPOs were ₹ 1.1 Lakh crore. Average issue size was ₹ 220 crore in the last quarter of 21-22 compared to ₹ 1,049 crore of average issue size in first three quarters of 21-22.

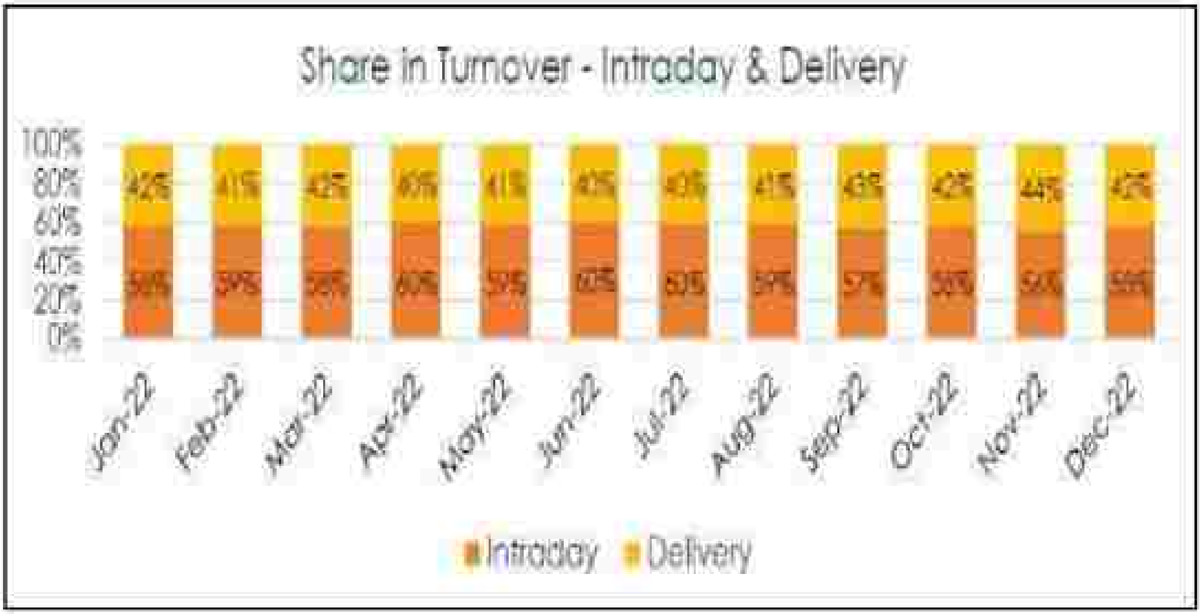
Graph 1 – Major Indices return during April – December, 2022



Source: SEBI Monthly Dashboard, December 2022

As per SEBI Monthly Dashboard of December, 2022, December month gave a low-spirited end of unsettled year of global stock market. Almost all indices world-wide gave negative return during April to December 2022 except Nifty 50 of India, which in positive return at least in local currency. In US currency terms all indices performed negative may be due to liquidity crunch and geopolitical tensions observed throughout the year. Though Nifty 50 had been negative for the month of December, 2022 by 3.5% on M-o-M basis (SEBI Monthly Dashboard, December 2022).

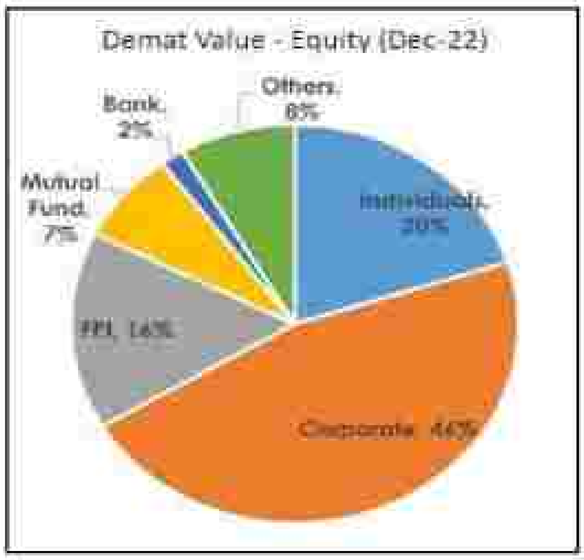
Graph – 2 Share in Turnover – Intraday & Delivery (From Jan. 2022 to Dec. 2022)



Source: SEBI Monthly Dashboard, December 2022

Above graph shows that intraday trading is always preferable by an investor over delivery basis as witnessed above in 2022. However proportion of intraday to delivery trade has remianed more or less same. Risk minimisation with low investment value can only be main reasons for the same.

Diagram 2 – Share in Demate Value of Equity as on 31st December, 2022



Source: SEBI Monthly Dashboard, December 2022

Total demat custody value was ₹ 373 Lakh crore as on 31st December, 2022. Out of this major share was contributed by corporates, followed by individuals, only 7% held by AMCs and 16% by FPIs as depicted in given pie diagram (SEBI Monthly Dashboard, December, 2022).

As per SEBI Annual Report of 21-22, IPO performance evaluation of the year 21-22 compared to previous year 20-21 based on few important parameters is as follow –

- During the year 21-22, total 120 IPOs were listed compared to 55 IPOs in the previous year, resulting into 118.18% growth in IPOs listed.
- Total amount raised was ₹1,12,566 crore through IPO in the year 21-22 compared to ₹46,060 crore in 20-21.
- An average size of IPO was elevated to ₹938 crore from ₹ 564 crore in the year 20-21.
- Total 52 mega issues came up in the year 21-22 compared to 36 mega issues in the year 20-21.
- Number of right issue increased to 43 in 21-22 compared to 21 right issues of 20-21, though amount raised through right issue was declined in the year 21-22.
- Total 164 companies' accessed securities market in the year 21-22 compared to 78 companies in 20-21.
- Out of total fund mobilized 81.1% was through public issue & 18.9% through right issue in the year 21-22 compared to 42% through public issue & 58% through right issue in the year 20-21.

  Following table is the proof of solidification of Indian Financial Market.

Table – 2 Resource Mobilization through Public & Right Issues (₹ in crore)

Particular	2020-21		2021-22		Percentage Share in Total Amount Raised	
	No.	Amount	No.	Amount	2020-21	2021-22
1) Public Issues, of which	57	46,060	121	1,12,566	41.8	81.1
A) IPOs of which	55	31,030	120	1,12,552	28.2	81.0
a) OFS* Component	6	6,758	14	21,573	6.1	15.5
b) Fresh Issue	25	1,086	64	6,963	1.0	5.0
c) Both (OFS+ Fresh Issue)	24	23,186	42	84,017	21.1	60.5
Breakup of Both (OFS + Fresh Issue)						
OFS	-	14,762	-	49,479	13.4	35.6
Fresh	-	8,424	-	34,538	7.7	24.9
B) FPOs	2	15,030	1	15	13.7	0.01
2) Rights Issues	21	64,059	43	26,327	58.2	18.9
Total (1+2)	78	1,10,118	164	1,38,894	100.0	100.0

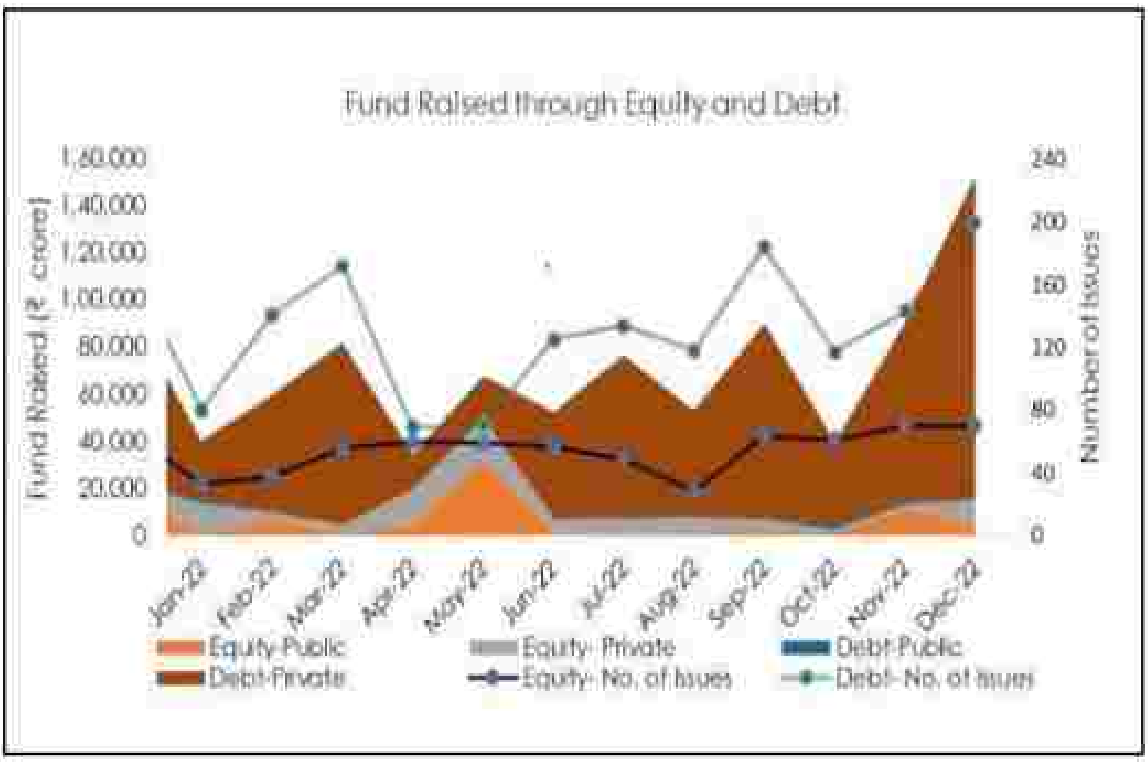
*Note: The primary market resource mobilization is inclusive of amount raised on the Innovation Growth Platform.*OFS - Offer for Sa*
Source: BSE and NSE

Source: SEBI Annual Report 21-22

- All 164 issue were from the private sector in the year 21-22 compared to 75 companies from private sector in the year 20-21. There were 3 public companies came up with IPO in the year 20-21.
- 96.4% of the resources were mobilized by 48 issues with the size of ₹500 crore collectively mobilizing ₹1,33,889 crore.
- Highest resource mobilization in the year 21-22 was 37.7% contributed from miscellaneous sector followed by telecom sector with 15.3% & Healthcare with 7.6%.

Y-o-Y performance evaluation proved that the performance of 21-22 was definitely remarkable compared to the year 20-21. But in detail evaluation is possible looking at monthly performance of the year 2022 which is shown in following pictures.

Graph – 3 Capital Raised in past 12 Months (From Jan. 2022 to Dec. 2022) – (₹ crore)



Source: SEBI Monthly Dashboard, December 2022

As depicted in above picture, May 2022 was the peak month for raising highest amount of equity for both public and private sector. However, Private Debt is issued highest in the month of December, 2022. Maximum number of issues for equity and debt were highest in December, 2022. With such a massive IPO record, Indian stock exchanges (BSE and NSE including SMEs) ranked third in the world in terms of the number of IPOs in 2022 (EY, India IPO Report Q4 2022). Summary of few parameters of amount raised is given below-

(₹ in crore)

Parameter	Equity-Total		Debt-Total		Equity + Debt	
Min	2,910	(Oct-22)	14,750	(Apr-22)	34,341	(Apr-22)
Max	49,471	(May-22)	1,36,966	(Dec-22)	1,52,306	(Dec-22)
Average	13,131		56,893		70,025	
Sum 12 M	1,57,578		6,82,717		8,40,294	

Source: SEBI Monthly Dashboard, December 2022

The number of demate accounts increased by 35.8% over last year and reached to 10.8 crore in December 2022. As per record, Since April 2020, i.e. since lock down 7.1 crore new dmate accounts have been opened (SEBI Annual Report, 21-22). In the year 2022, Total 90 IPOs came up out of which 38 were listed on BSE main board and 52 listed on BSE SME Segment Board.

Table 3 – Performace of IPO on Listing Day

Rank	Company Name	Listed On	Face Value (₹)	Issue Price (₹)	Premium (₹)	Number of Times	Listing Day Close (₹)	Listing Day Gain (₹)	Listing Day Gain (%)	Performance
1	Vedant Fashions Limited	16-02-2022	1	866	865	865	934.85	68.85	7.95	Under-Priced
2	Life Insurance Corporation Of India	17-05-2022	2	949	947	473.5	875.45	-73.55	-7.75	Over-Priced
3	Fusion Micro Finance Limited	15-11-2022	1	368	367	367	324.9	-43.1	-11.71	Over-Priced
4	Ethos Limited	30-05-2022	10	878	868	86.8	802.6	-75.4	-8.59	Over-Priced
5	Aether Industries Limited	03-06-2022	10	642	632	63.2	776.75	134.75	20.99	Under-Priced

6	Prudent Corporate Advisory Services Limited	20-05-2022	10	630	620	62	562.7	-67.3	-10.68	Over-Priced
7	Kaynes Technology India Limited	22-11-2022	10	587	577	57.7	690.1	103.1	17.56	Under-Priced
8	Uniparts India Limited	12-12-2022	10	577	567	56.7	539.55	-37.45	-6.49	Over-Priced
9	Rainbow Children's Medicare Limited	10-05-2022	10	542	532	53.2	450.1	-91.9	-16.96	Over-Priced
10	Keystone Realtors Limited	24-11-2022	10	541	531	53.1	557.8	16.8	3.11	Under-Priced
11	Tamilnad Mercantile Bank Limited	15-09-2022	10	510	500	50	508.45	-1.55	-0.30	Over-Priced
12	Landmark Cars Limited	23-12-2022	10	506	496	49.6	460.05	-45.95	-9.08	Over-Priced
13	Delhivery Limited	24-05-2022	10	487	477	47.7	537.25	50.25	10.32	Under-Priced
14	Five-Star Business Finance Ltd.	21-11-2022	10	474	464	46.4	489.5	15.5	3.27	Under-Priced
15	Adani Wilmar Limited	08-02-2022	5	230	225	45	265.2	35.2	15.30	Under-Priced
16	Archean Chemical Industries Limited	21-11-2022	10	407	397	39.7	457.95	50.95	12.52	Under-Priced
17	Kfin	29-	10	366	356	35.6	364	-2	-0.55	Over-Priced

	Technologies Limited	12-2022								
18	Sula Vineyards Limited	22-12-2022	10	357	347	34.7	331.15	-25.85	-7.24	Over-Priced
19	Global Health Limited	16-11-2022	10	336	326	32.6	415.65	79.65	23.71	Under-Priced
20	Harsha Engineers International Limited	26-09-2022	10	330	320	32	485.9	155.9	47.24	Under-Priced
21	Venus Pipes & Tubes Limited	24-05-2022	10	326	316	31.6	351.75	25.75	7.90	Under-Priced
22	Dreamfolks Services Limited	06-09-2022	10	326	316	31.6	462.65	136.65	41.92	Under-Priced
23	Bikaji Foods International Limited	16-11-2022	10	300	290	29	317.45	17.45	5.82	Under-Priced
24	Campus Activewear Limited	09-05-2022	10	292	282	28.2	378.6	86.6	29.66	Under-Priced
25	Abans Holdings Limited	23-12-2022	10	270	260	26	216.05	-53.95	-19.98	Over-Priced
26	Emudhra Limited	01-06-2022	10	256	246	24.6	258.85	2.85	1.11	Under-Priced
27	Quality RO Industries Limited	09-02-2022	2	51	49	24.5	53.7	2.7	5.29	Under-Priced
28	Elin Electronics Limited	30-12-2022	10	247	237	23.7	227.8	-19.2	-7.77	Over-Priced
29	Dharmaj Crop	08-	10	237	227	22.7	266.4	29.4	12.41	Under-

	Guard Limited	12-2022								Priced
30	Syrma SGS Technology Limited	26-08-2022	10	220	210	21	313.05	93.05	42.30	Under-Priced
31	DCX Systems Limited	11-11-2022	10	207	197	19.7	308.8	101.8	49.18	Under-Priced
32	Pearl Green Clubs And Resorts Limited	07-07-2022	10	186	176	17.6	198.5	12.5	6.72	Under-Priced
33	Modi's Navnirman Limited	06-07-2022	10	180	170	17	188.95	8.95	4.97	Under-Priced
34	AGS Transact Technologies Limited	31-01-2022	10	175	165	16.5	161.3	-13.7	-7.83	Over-Priced
35	Kesar India Limited	12-07-2022	10	170	160	16	174	4	2.35	Under-Priced
36	Hariom Pipe Industries Limited	13-04-2022	10	153	143	14.3	224.7	71.7	46.86	Under-Priced
37	B-Right Realestate Limited	13-07-2022	10	153	143	14.3	154	1	0.65	Under-Priced
38	Global Longlife Hospital And Research Limited	04-05-2022	10	140	130	13	135.35	-4.65	-3.32	Over-Priced
39	Veranda Learning Solutions Limited	11-04-2022	10	137	127	12.7	160.4	23.4	17.08	Under-Priced
40	EP Biocomposites Limited	13-09-2022	10	126	116	11.6	168.25	42.25	33.53	Under-Priced

41	Sunrise Efficient Marketing Limited	12-04-2022	10	121	111	11.1	124.8	3.8	3.14	Under-Priced
42	Reetech International Cargo And Courier Limited	10-10-2022	10	105	95	9.5	83.6	-21.4	-20.38	Over-Priced
43	Pace E-Commerce Ventures Limited	20-10-2022	10	103	93	9.3	109.7	6.7	6.50	Under-Priced
44	Trident Lifeline Limited	10-10-2022	10	101	91	9.1	108.15	7.15	7.08	Under-Priced
45	Steelman Telecom Limited	10-10-2022	10	96	86	8.6	169.05	73.05	76.09	Under-Priced
46	Shantidoot Infra Services Limited	19-09-2022	10	81	71	7.1	110.25	29.25	36.11	Under-Priced
47	Bhatia Colour Chem Limited	24-03-2022	10	80	70	7	42	-38	-47.50	Over-Priced
48	Tracxn Technologies Limited	20-10-2022	10	80	70	7	93.35	13.35	16.69	Under-Priced
49	Silicon Rental Solutions Limited	10-10-2022	10	78	68	6.8	84	6	7.69	Under-Priced
50	Ekennis Software Service Limited	07-03-2022	10	72	62	6.2	84	12	16.67	Under-Priced
51	Goel Food Products Limited	28-06-2022	10	72	62	6.2	78.75	6.75	9.38	Under-Priced
52	Rhetan Tmt Limited	05-09-	10	70	60	6	66.5	-3.5	-5.00	Over-Priced

		2022								
53	Uma Exports Limited	07-04-2022	10	68	58	5.8	84	16	23.53	Under-Priced
54	Jayant Infratech Limited	13-07-2022	10	67	57	5.7	79.8	12.8	19.10	Under-Priced
55	Inox Green Energy Services Limited	23-11-2022	10	65	55	5.5	59.1	-5.9	-9.08	Over-Priced
56	Maagh Advertising And Marketing Services Limited	13-10-2022	10	60	50	5	65.4	5.4	9.00	Under-Priced
57	Electronics Mart India Limited	17-10-2022	10	59	49	4.9	84.45	25.45	43.14	Under-Priced
58	Virtuoso Optoelectronics Limited	15-09-2022	10	56	46	4.6	115.4	59.4	106.07	Under-Priced
59	Maruti Interior Products Limited	16-02-2022	10	55	45	4.5	71.9	16.9	30.73	Under-Priced
60	Scarnose International Limited	27-06-2022	10	55	45	4.5	56.05	1.05	1.91	Under-Priced
61	Concord Control Systems Limited	10-10-2022	10	55	45	4.5	115.4	60.4	109.82	Under-Priced
62	Technopack Polymers Limited	16-11-2022	10	55	45	4.5	77.7	22.7	41.27	Under-Priced
63	Droneacharya Aerial Innovations Limited	23-12-2022	10	54	44	4.4	107.1	53.1	98.33	Under-Priced

64	Dhyaani Tile And Marblez Limited	12-04-2022	10	51	41	4.1	54.8	3.8	7.45	Under-Priced
65	Nanavati Ventures Limited	06-05-2022	10	50	40	4	50.3	0.3	0.60	Under-Priced
66	Alkosign Limited	01-02-2022	10	45	35	3.5	45.25	0.25	0.56	Under-Priced
67	Shashwat Furnishing Solutions Limited	04-05-2022	10	45	35	3.5	45.3	0.3	0.67	Under-Priced
68	Cargotrans Maritime Limited	10-10-2022	10	45	35	3.5	44.5	16.5	36.67	Under-Priced
69	Paradeep Phosphates Limited	27-05-2022	10	42	32	3.2	43.95	1.95	4.64	Under-Priced
70	Eighty Jewellers Limited	13-04-2022	10	41	31	3.1	44.1	3.1	7.56	Under-Priced
71	Vedant Asset Limited	12-10-2022	10	40	30	3	68.25	28.25	70.63	Under-Priced
72	Dipna Pharmachem Limited	08-09-2022	10	38	28	2.8	33.4	-4.6	-12.11	Over-Priced
73	Insolation Energy Limited	10-10-2022	10	38	28	2.8	79.9	41.9	110.26	Under-Priced
74	Fabino Life Sciences Limited	13-01-2022	10	36	26	2.6	40.35	4.35	12.08	Under-priced
75	Naturo Indiabull Limited	02-09-2022	10	30	20	2	26.25	-3.75	-12.50	Over-Priced

76	Daps Advertising Limited	14-11-2022	10	30	20	2	55.1	25.1	83.67	Under-Priced
77	Ambo Agritec Limited	02-12-2022	10	30	20	2	42.1	12.1	40.33	Under-Priced
78	PNGS Gargi Fashion Jewellery Limited	20-12-2022	10	30	20	2	59.85	29.85	99.50	Under-Priced
79	Mafia Trends Limited	06-10-2022	10	28	18	1.8	31.1	3.1	11.07	Under-Priced
80	Cargosol Logistics Limited	10-10-2022	10	28	18	1.8	73.5	28.5	101.79	Under-Priced
81	Evoq Remedies Limited	30-03-2022	10	27	17	1.7	23.75	-3.25	-12.04	Over-Priced
82	Veerkrupa Jewellers Limited	18-07-2022	10	27	17	1.7	25.65	-1.35	-5.00	Over-Priced
83	Olatech Solutions Limited	29-08-2022	10	27	17	1.7	53.85	26.85	99.44	Under-Priced
84	Achyut Healthcare Limited	30-03-2022	10	20	10	1	21.15	1.15	5.75	Under-Priced
85	Silver Pearl Hospitality & Luxury Spaces Limited	17-06-2022	10	18	8	0.8	15.2	-2.8	-15.56	Over-Priced
86	Sailani Tours N Travels Limited	08-07-2022	10	15	5	0.5	16.27	1.27	8.47	Under-Priced
87	Containe Technologies	30-09-	10	15	5	0.5	23.1	8.1	54.00	Under-Priced

	Limited	2022								
88	Safa Systems & Technologies Limited	09-02-2022	10	10	0	0	15.73	5.73	57.30	Under-Priced
89	Fone4 Communications (India) Limited	06-05-2022	10	10	0	0	9.5	-0.5	-5.00	Over-Priced
90	Healthy Life Agritec Limited	26-07-2022	10	10	0	0	9.34	-0.66	-6.60	Over-Priced

Source: Compiled from various sources over the base data taken from https://www.bseindia.com/publicissue.html

Results & Discussion

Number of times premium during IPO

Normally Issue price of shares in IPO is fixed at a value more than face value of shares considering book value of the share. In most of the IPOs, shares are issued at a price more than face value. Excess amount over and above face value collected by the companies is called security premium, which can be expressed in terms of number of times. (Khan M. & et. al., 2021).

$$\text{Number of Times Premium} = \frac{\text{Premium}}{\text{Face Value}} * 100$$

Management with strong belief of future growth of the company issues shares at premium. With strong financial background and well mainatained reputation, investors also readily apply for shares issued at premium. Table 3 above displays number of times, the shares are issued over the facevalue. With high premium, investors gazes high growth and better return. In table 3 above shares are ranked on the basis of number of times premium collected. Better ranking increases aspiration of investors for more return on the day of listing.

As shown in the table, Vedant Fashions Ltd. was ranked first, followed by LIC of India and Fusion Micro Finance Ltd. However, Safa Systems & Technologies Ltd., Fone4 Communications (India) Ltd. & Healthy Life Agritec Ltd. issues shares at a par so ranked last in zero number of time in premium terms. But above table clearly indicates that number of times has no corelation with gain on the day of listing. As few top ranked shares made a loss and few bottom ranked shares resulted into gain on the day of listing.

Performance of IPO on the listing day

Performance of IPO on the listing day is considered based on gain or loss incurred by an investor if shares liquidated on that day. Issue can be considered as underpriced or overpriced based on performance of the share prices on listing day.

$$Ri = \frac{P1 - P0}{P0} * 100$$

Where,
Ri = Returnn on Individual Security (Lisiting Day Gain in the above table)
P1 = Closing price of the shares on the day of listing
P0 = Issue price of the shares

Table 3 above shows performance of the IPOs on the lsiting day. Technically, when the closing stock prices are above the issue price, it is labelled as under-priced and vice-versa (Khan M. & et. al., 2021). As per data shared above, 65 companies have under-priced their issue on the listing day, encouraging more and more investors to trade in their security in secondary market. Shares of 25 companies resulted into over-pricing. Trading of theses shares will be very low in secondary market on the day of listing.

Top 5 companies in terms of percentage gain were Insolation Energy Limited (110.26%) followed by Concord Control Systems Limited(109.82%), Virtuoso Optoelectronics Limited (106.07%), Cargosol Logistics Limited (101.79%) & PNGS Gargi Fashion Jewellery Limited (99.50%). Most Loss making companies are Bhatia Colour Chem Limited (-47.50%), Reetech International Cargo And Courier Limited (-20.38%), (-19.98%) Abans Holdings Limited, Rainbow Children's Medicare Limited (-16.96%), & Silver Pearl Hospitality & Luxury Spaces Limited (-15.56%).

Conclusion

Based on above data analysis and discussion it is established that the shares issued in IPO will perform irrespective of number of times premium collected by the company. Investor shall not believe that the shares issued with high premium will definitely be listed at high price resulting into short term gain. Investors shall not always invest in IPO for short term. If issues prices are overpriced than it may not be possible to liquidate shares on the listing day and will have to either liquidate it at loss or continue with investment. Many times shares may give good return in the long term so looking always for short term gain is irrational behaviour. Investors shall verify financial background, prospective plans, management vision and past performance before applying for IPO to safeguard their valuable savings.

References

1. Anand, A. K. (2017). An Empirical Study on the IPO market in India. *Asian Journal of Reserach in Banking & Finance*, 10-21.

2. Balamurugan, P. N. (December 2022). Retail Investor's Investment Decision Criterion to Invest in IPOs - A Study. *Journal of Economics, Finance and Management Studies*, 3639-3648.
3. Gupta, Dr. Garima and Gupta, Minakshi, Critical Evaluation of Scrapping of IPO Grading in India: An Expert Opinion (February 5, 2016). International Journal of Applied Financial Management Perspectives. Vol. 5, No. 1 , Available at SSRN:
4. https://ssrn.com/abstract=2775550
5. K, A. K. (November 2022, Vol 3, no 11). A Study on Performance of IPO (Initial Public offering) with Special Reference to Selected Companies at BSE. *International Journal of Research Publication & Reviews*, 656 - 670.
6. Mohammed Arshad Khan, K. Z. (July 2021, Volume25, Issue 6). A study of stock performance of select IPOs in india. *Academy of Accounting and Financial Studies*, 1-11.
7. Sahoo, S., & Rajib, P. (2010). After Market Pricing Performance of Initial Public Offerings (IPOs): Indian IPO Market 2002–2006. Vikalpa, 35(4), 27-44. https://doi.org/10.1177/0256090920100403
8. Shrivastava, M. (December, 2018). An Analysis on Customers Apprehension on Internet Banking: An Emperical study of Dehradun region. *Emerging Trends in Business Management : PIBM Management Journal*, 340-356.
9. Yadav, N. R.; Dasgupta, H. .; Moray, R. Short Term Performance Analysis of IPOs in India. Asian Journal of Empirical Research, *[S. l.]*, v. 8, n. 11, p. 392–403, 2018. DOI: 10.18488/journal.1007/2018.8.11/1007.11.392.403. Disponível em: https://archive.aessweb.com/index.php/5004/article/view/4235. Acesso em: 11 feb. 2024.
10. SEBI Annual Report, 2021-2022; https://www.sebi.gov.in/reports-and-statistics/publications/oct-2022/annual-report-2021-22_63812.html
11. SEBI Monthly Dashboar, December 2022; https://www.sebi.gov.in/reports-and-statistics/publications/feb-2023/monthly-dashboard-december-2022_67062.html
12. https://www.rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=17819#T1

Author: Dr. Bageshree P. Bangera Bandekar

Journal of
Maharashtra State Commerce Association

Vision Research

Peer review Journal
ISSN No. 2250-2025

Valume - 12 Issue - 2 June 2023

ISSN 2250-2025

Vision Research

National Research Journal
(A Referred Journal)

Volume-12 Number-2 June-2023

Maharashtra State Commerce Association

CONTENTS

Role and Influence of Family in Fostering Entrepreneurial Inclination of Commerce Undergraduate Students in Mumbai

Dr. Bageshree P. Bangera Bandekar
Research guide
Cosmopolitan's Valia College of Arts & Commerce, D.N. Nagar, Andheri (West), Mumbai
Mrs. Arpita Atibudhi
Research Scholar
D. T. S. S. College of Commerce, Malad (East), Mumbai

Abstract

Entrepreneurial inclination (EI) is a state of mind that individual desires to start a new enterprise or add value to an existing one. Out of the varied factors influencing a student's EI, the role of the family is also crucial as it belongs to the direct social environment. The study aimed in understanding the individual role of family members i.e., fathers, mothers, elder sibling(s), and relatives in fostering EI of commerce undergraduate students in Mumbai. The varied familial aspects based on which the role and influence have been studied include family's entrepreneurial background, family as role model, family's financial literacy, family's financial capital, and social capital. The data were collected from 118 commerce undergraduates in Mumbai. Further, the role and influence were analysed by testing associations between each familial aspect for every family member, and students' EI. The results revealed that there is no significant influence of parents' and relatives' entrepreneurial background, financial capital, and social capital on students' EI. However, fathers and relatives were found to act as role models for students. Contrary to expectations of the vital role played by parents, elder siblings were found to significantly influence students' EI, with special reference to elder siblings' entrepreneurial background, financial capital, and social capital. Family financial literacy was not found to have any influence on students' EI. This drives attention to the importance of peer influence on EI, as elder siblings belong to the same generation and a scope for future research as well.

Keywords : Entrepreneurial inclination (EI), family, undergraduate students, financial capital, social capital, role model.

Introduction

Entrepreneurial inclination (EI) has been well recognized by academicians and researchers, and keenly discussed, as entrepreneurship is an important contributor to a country's economy (Lim et al., 2012; Lingappa et al., 2020). The rising interest in entrepreneurship lies in, it, being a sustainable approach to solving the unemployment issue in developing countries (Georgescu & Herman, 2020). Despite evidences, that a larger segment of young people wants to be entrepreneurs, the actual number of young self-employed and total early-stage entrepreneurship activity (TEA) for those aged between 18 and 24 is very less (GEM Report, 2020). According to social learning theory, behaviour can either be acquired through self-experience or by observations. The environment that surrounds an individual is responsible for the career choices made by them (Ben Moussa & Kerkeni, 2021). Family environment, being the first social experience for students, the transfer of values, skills, and experiences, through the mechanism of social influence via parents enables them to make a choice of either employment or self-employment. Additionally, elder siblings and relatives (in the case of joint families) also have vital contributions in influencing an individual's entrepreneurial inclination.

Various research has discussed aspects related to a family that could influence students' EI. The most plausible aspect is the entrepreneurial background of family members. It is found in many studies, that students who are exposed to family businesses tend to learn business concepts and experience informal learning at home, thereby developing a positive attitude toward entrepreneurship. Further, families that discuss real-life problems with their children and introduce entrepreneurship at a young age, act as strong role models, which can further make students entrepreneurially inclined. Previous studies have also discussed aspects related to the financial literacy of family members specifically related to business in influencing students' EI. Family members who possess a good knowledge of business finances, tend to transmit the skills to students through interactions. Entrepreneurs require information, capital, skills, and labour to start business activities. Although they try to manage many of these resources on their own, the shortfalls are fulfilled by accessing their contacts (Aldrich & Zimmer, 1986;

Aldrich et al. 1991; Cooper et al. 1995; Hansen, 1995 as cited in Sharma, 2014). Families are immediate contacts to potential entrepreneurs and they tend to heavily rely on them for the procurement of financial capital (Zimmer & Aldrich, 1987 as cited in Sharma, 2014). Social capital refers to the connections, social networks, and norms of reciprocity and trustworthiness that arise from them (Putnam, 2000). Students who could acquire financial and social capital from families, tend to be inclined towards entrepreneurship.

Literature Review and theoretical background

Entrepreneurial family background had been identified as one of the reasons that students choose entrepreneurship as a career option (Lingappa et al., 2020; Abun et al., 2022; Rose Meroka, 2023). India being collectivist in culture, familial presence, and opinion are valued by individuals in their career decision. A family with an entrepreneurial background is an advantage to the youth desiring to be an entrepreneur in the future, as he/she gets exposure to required experience thereby improving their self-efficacy (Lingappa et al., 2020). Nonetheless, varied arguments outline the fact that children do not want to always follow family norms and traditions and choose a career distinct to family business/ entrepreneurship (Rose Meroka, 2023). The students developing a higher intention to become an entrepreneur with entrepreneurial family background, compared to students without entrepreneurial parents, highly depends on the parent's entrepreneurial performance. Further, the role played by entrepreneurial parents in providing informal education to their children through informal business discussions also contributes to higher entrepreneurial intention in them. However, students without an entrepreneurial family background were found to have benefitted from formal entrepreneurship education provided by educational institutions, thereby willing to be future entrepreneurs (Georgescu & Herman, 2020).

Rose Meroka (2023) identified aspects of the family that fosters entrepreneurial intention in students, which includes family entrepreneurial background, role modelling, birth order and financial literacy. The study found that students with entrepreneurial backgrounds tend to learn business through interactions in the family, while, students without entrepreneurial family backgrounds, would become entrepreneurs due to necessity and learn entrepreneurship by doing. Family being the direct environment for students, act as a primary role model. Families that introduce entrepreneurship to their children at a tender age and discuss real-life problem-solving with them, act as strong role models providing an important source of social capital. Entrepreneurial role models are a particular type of social capital known for their intense networks and ability to provide secure access to different types of resources (Holienka et al., 2013). A child's birth order in a family is another important aspect that is believed to foster entrepreneurial intention. Generally, the firstborn child is expected to follow family norms and traditions thereby continuing with the family business and willingly being involved in entrepreneurial activities at a young age. Eventually, family financial literacy also witnessed an important role in influencing students' entrepreneurial intention. Families possessing good financial knowledge and skills tend to teach their children the same, thereby making them financially literate and increasing the chance of taking independent financial decisions required in entrepreneurship.

Sharma (2014) studied the impact of family capital and social capital on youth entrepreneurship by evaluating family capital aspects like the family's financial capital, manpower capital, and, human capital, though none of these was found to have any significant impact on the career intentions of students. However, students with large social capital network spans were found to significantly impact their career intent. Ben Moussa & Kerkeni (2021) identified the importance of the family environment in determining the entrepreneurial intention of young Tunisian students. The family environment was measured in terms of parental support for autonomy, entrepreneurial role model, and family support for entrepreneurship.

Objectives of the study

1. To study the role of the family in fostering entrepreneurial inclination of students.
2. To identify varied aspects related to a family that influences an individual's entrepreneurial inclination.
3. To study the individual role and influence of father, mother, elder sibling(s), and relatives on the entrepreneurial inclination of commerce undergraduate students in Mumbai.

Hypotheses of the study

[illegible]		[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]
	[illegible]	[illegible]
	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]

[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]
	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]
	[illegible]	[illegible]
	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]
	[illegible]	[illegible]
	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]
	[illegible]	[illegible]
	[illegible]	[illegible]
	[illegible]	[illegible]

Research Methodology

The paper is descriptive in nature, and based on primary data collected from commerce undergraduate students of Mumbai. The data is collected with the help of a structured questionnaire having close-ended questions and most of the questions having dichotomous responses like Yes and No. The data is collected through an online survey using google forms, to which 118 undergraduate students responded. To understand the varied aspects related to a family in influencing and fostering students' entrepreneurial inclination, secondary data was referred from varied research papers, books and articles. The data is analysed with simple descriptive statistics using frequencies and percentages. To analyse the association of different aspects of the family with students' entrepreneurial inclination chi-square test is applied.

Significance of the study

The study helps in identifying the roles played by family members in fostering EI of commerce undergraduate students in Mumbai with special reference to varied familial aspects. The study also helped to understand the bond that students share with each family member in relation to the familial aspects under study. Families need to work on building confident relationships with children when it comes to choosing entrepreneurship as a career option. As elder siblings are found to play a vital role in influencing their younger siblings with financial and social support, and, they themselves being involved in entrepreneurship, thereby motivating their younger siblings to follow the same; the relationships between siblings in developing entrepreneurial inclination could be a further scope of exploratory research.

Data analysis and interpretation

Respondents' profile

The data is collected from 118 undergraduate students from Mumbai in the Faculty of Commerce.

Table 1: Respondent characteristics

	Frequency	Percentage
Course		
B.Com	78	66
B.M.S.	40	34
Total	118	100
Year of undergraduation		
First year	38	32
Second year	26	22
Third year	54	46
Total	118	100
Age		
18-19	[illegible]	[illegible]
20-22	[illegible]	[illegible]
Total	118	100
Gender		
Male	48	41
Female	70	59
Total	118	100
Type of family		
Nuclear	44	37
Joint	74	63
Total	118	100

66% of the 118 students are from the course Bachelors in Commerce (B.Com.) and 34% from the course Bachelors in Management Studies (B.M.S.). 32% of the students are from the first year, 22% from the second year and 46% are third-year undergraduate students. Out of the total 118 students, 41% are male students and 59% female students. As far as the type of family is concerned, 37% of the students stay in a nuclear family with parents and siblings and 63% of them stay in a joint family with grandparents/uncles/aunties/cousins.

Students' entrepreneurial inclination

Students' entrepreneurial inclination is analysed as an aggregate as well as course-wise, as per year of under graduation, and, gender-wise.

Table2 : Students' entrepreneurial inclination (EI)

	Frequency	Percentage
Students with EI	82	69
Students without EI	36	31
Total	118	100

Table 3 : Course-wise students' entrepreneurial inclination

	BCOM		BMS		Total
	Frequency	Percentage	Frequency	Percentage	
Students with EI	48	62	34	85	82
Students without EI	30	38	6	15	36
Total	78	100	40	100	118

Table 4 : Students' entrepreneurial inclination

	First year		Second year		Third year		Total
	Frequency	(%)	Frequency	(%)	Frequency	(%)	
Students with EI	26	68	10	38	46	85	82
Students without EI	12	32	16	62	8	15	36
Total	38	100	26	100	54	100	118

Table 5 : Gender-wise students' entrepreneurial inclination

	Male		Female		Total
	Frequency	Percentage	Frequency	Percentage	
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	82
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Total	[illegible]	[illegible]	[illegible]	[illegible]	118

69% of the total 118 students showed entrepreneurial inclination by responding positively that they want to become entrepreneur or start a business after graduation. Among B.Com., 62% of the students have entrepreneurial inclination and in B.M.S. 85% of the students said that they want to be future entrepreneurs. As per the year of under graduation, third-year students showed a higher entrepreneurial inclination with 85% compared to first-year students with 68% and second-year students with merely 38%. 83% of the male students showed entrepreneurial inclination and 60% of the female students have entrepreneurial inclination.

Familial aspects

Familial aspects include variables that define the role played and the influence made by the family members on students' entrepreneurial inclination. These include family entrepreneurial background (occupation as self-employed or business), role model, financial literacy, financial capital, and social capital. Family members for the study, include father, mother, elder sibling(s) and relatives (in case of joint family).

Table 6 : Familial aspects (Parents)

Familial aspects	Father		Mother	
	Frequency	Percentage	Frequency	Percentage
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	82			

Out of the 118 students, 82 students were found to be inclined towards entrepreneurship. The above table 6 displays the responses for each familial aspect related to parents, in fostering students' entrepreneurial inclination. 68% of the students' fathers are either self-employed or involved in business, while only 34% of the students' mothers are self-employed or involved in the business. These results show that parents' entrepreneurial background need not be the only reason behind students' entrepreneurial inclination. 59% of entrepreneurially inclined students consider their fathers as role models and 46% of them consider their mothers as role models when it comes to business. 73% of the students believe their fathers to be financially literate in order to manage business mathematics and 71% of the students believe their mothers as financially literate. This aspect indicates a positive influence on students' entrepreneurial inclination. When asked about financial capital from parents, 68% agreed that in case they want to start business, their fathers can provide financial capital and 63% said that their mothers can provide financial capital. 80% of the students agreed that their fathers can provide social capital required in business and 63% of the students agreed that their mothers can provide social capital.

Table 7 : Familial aspects (Elder siblings and relatives)

Familial aspects	Elder siblings		Relatives	
	Frequency	Percentage	Frequency	Percentage
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	58			

Out of the 82 students who are found to have entrepreneurial inclination, 58 students have elder siblings and 24 of them were independent of familial aspects related to elder siblings. Also, 58 students stay in a joint family and 24 are independent of the influence of relatives. Table 7 indicates that 86% of the students' elder siblings are self-employed; for 66% of the students, their elder siblings act as role models; and 79% believe their elder siblings are financially literate and have learnt varied concepts from them. 76% of the students agreed that their elder siblings will provide financial capital and 83% agreed that their elder siblings will provide social capital when required for starting own business. In case of relatives 62% are involved in business; 52% of students see their relatives as role models; 62% believe that their relatives are financially literate to manage business; 55% of students believe that they can get financial capital from their relatives when asked for; and, 62% of the students feel that their relatives can provide them networks by way of social capital.

Results and Discussions

The study aims to understand the role and influence of individual family members through varied familial aspects for which the association of each familial aspect with students' EI, is analysed, by applying the chi-square test.

Table 8 : Association of family entrepreneurial background and students' EI

Family entrepreneurial background		Value	df	Asymp. Sig. (2-sided)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

a. 0 cells (.0a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 12.81.
b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 10.98.
c. 0 cells (.0%) have expected count less than 5. The minimum expected count is 17.08.
d. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.62.

It was observed that the p value for father, mother and relative's entrepreneurial background is >0.05, which fails to reject the hypotheses H0a1, H0a2 and H0a4, thus implying that there is no association between their entrepreneurial background and students' EI. Since the p value of elder sibling's entrepreneurial background is 0.006, H0a3 is rejected implying there is a significant association between the two variables.

Table 9 : Association of family as role model and students' EI

[illegible]		Value	df	Asymp. Sig. (2-sided)
[illegible]	Pearson Chi-Square	[illegible]	1	[illegible]
[illegible]	Pearson Chi-Square	[illegible]	1	[illegible]
[illegible]	Pearson Chi-Square	[illegible]	1	[illegible]
[illegible]	Pearson Chi-Square	[illegible]	1	[illegible]

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 17.69.
b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 16.47.
c. 0 cells (.0%) have expected count less than 5. The minimum expected count is 15.25.
d. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.92.

As the p value for father and relatives are 0.002 and 0.005 respectively, which is <0.05, it is found that students' EI is significantly associated with; them acting as role models, thereby rejecting the hypotheses H0b1 and H0b4. However, for mother and elder siblings as the p value is >0.05, hypotheses; H0b2 and H0b3 fail to get rejected, implying that there is no association.

Table 10 : Association of financial literacy of family and students' EI

[illegible]		Value	df	Asymp. Sig. (2-sided)
Father	Pearson Chi-Square	[illegible]	[illegible]	[illegible]
Mother	Pearson Chi-Square	[illegible]	[illegible]	[illegible]
[illegible]	Pearson Chi-Square	[illegible]	[illegible]	[illegible]
Relatives	Pearson Chi-Square	[illegible]	[illegible]	[illegible]

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 11.59.
b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 10.98.
c. 0 cells (.0%) have expected count less than 5. The minimum expected count is 17.69.
d. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.92.

No significant association has been found for the familial aspect of financial literacy, as the p values for all the family members are >0.05. This indicates that family's financial literacy is not having a significant influence on the students' EI, thereby acceptance of hypotheses, H0c1, H0c2, H0c3 and H0c4.

Table 11 : Association of family's financial capital and students' EI

[illegible]		Value	df	Asymp. Sig. (2-sided)
Father	Pearson Chi-Square	[illegible]	1	[illegible]
Mother	Pearson Chi-Square	[illegible]	1	[illegible]
Elder sibling(s)	Pearson Chi-Square	[illegible]	1	.042
Relatives	Pearson Chi-Square	[illegible]	1	[illegible]

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 12.20.
b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 14.03.
c. 0 cells (.0%) have expected count less than 5. The minimum expected count is 17.08.
d. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.78.

It was observed that students' EI is significantly associated with elder sibling(s) provision of financial capital as it has a p value of 0.042, thereby rejecting H0d3. There was no association of father's, mother's, and relative's financial capital provision with students' EI, thereby acceptance of H0d1, H0d2 and H0d4.

Table 12 : Association of family's social capital and students' EI

[illegible]		Value	df	Asymp. Sig. (2-sided)
Father	Pearson Chi-Square	[illegible]	1	[illegible]
Mother	Pearson Chi-Square	[illegible]	1	[illegible]
Elder sibling(s)	Pearson Chi-Square	[illegible]	1	[illegible]
Relatives	Pearson Chi-Square	[illegible]	1	[illegible]

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.93.
b. 0 cells (.0%) have expected count less than 5. The minimum expected count is 14.03.
c. 0 cells (.0%) have expected count less than 5. The minimum expected count is 17.69.
d. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.05.

Similarly, it is observed that, elder sibling¡¦s social capital provision is significantly associated with students¡¦ EI as the p value is 0.012 (<0.05) leading to rejection of H0e3. Further, there was no association of father¡¦s, mother¡¦s, and relative¡¦s social capital provision with students¡¦ EI, thereby acceptance of H0e1, H0e2 and H0e4.

Conclusion

The role of family members is crucial in the development of a student¡¦s EI. It was found that fathers and relatives act as strong role models for commerce undergraduate students in Mumbai. The study further identified that elder sibling(s) play a vital role in influencing students¡¦ EI based on three familial aspects: their entrepreneurial background and the possibility of providing financial capital and social capital to their younger siblings. This highlights that youngsters in Mumbai are more influenced by peers or individuals of similar generations. Parents¡¦ or relatives¡¦ entrepreneurial background, financial capital and social capital played a very minimal role in fostering entrepreneurial inclination among students. The familial aspect of financial literacy was not found to have any influence on students¡¦ EI. Therefore, it is concluded that ¡¥family influence¡¦ is one of the many factors responsible for fostering EI among commerce undergraduates in Mumbai. Future studies can cater to the influence of other social groups like peers (classmates and friends), professors, and successful entrepreneurs at large. However, it is suggested that parents in Mumbai need to accept that entrepreneurship though risky is a viable option for employment, and must encourage their children in developing an entrepreneurial mindset at a young age.

References

- Lingappa, A. K., Shah, A., & Mathew, A. O. (2020). Academic, Family, and Peer Influence on Entrepreneurial Intention of Engineering Students. SAGE Open, 10(3). Retrieved from https://doi.org/10.1177/2158244020933877 (1.4.2023)
- Georgescu, Maria-Ana & Herman, Emilia. (2020). The Impact of the Family Background on Students¡¦ Entrepreneurial Intentions: An Empirical Analysis. Sustainability. 12. 4775. 10.3390/su12114775. Retrieved from https://www.researchgate.net/publication/342174559_The_Impact_of_the_Family_Backgroun d_on_Students'_Entrepreneurial_Intentions_An_Empirical_Analysis (1.4.2023)
- Rose Maroka, M. (2023). Role of the Family in Fostering Student¡¦s Entrepreneurial Intention. IntechOpen. doi: 10.5772/intechopen.110026 Retrieved from https://www.intechopen.com/online-first/86334 (1.4.2023)
- Cardella, G. M., Hernandez-Sanchez, B. R., & Sanchez Garcia, J. C. (2020). Entrepreneurship and Family Role: A Systematic Review of a Growing Research. Frontiers in psychology, 10, 2939. https://doi.org/10.3389/fpsyg.2019.02939 Retrieved on (5.4.2023)
- Sharma, L. (2014). Impact of family capital & social capital on youth entrepreneurship ¡V a study of Uttarakhand state, India. J Glob Entrepr Res 4, 14. https://doi.org/10.1186/s40497- 014-0014-3 Retrieved on (5.4.2023)
- Moussa, Nejib & Kerkeni, Syrine. (2021). The role of family environment in developing the entrepreneurial intention of young Tunisian students. Entrepreneurial Business and Economics Review. 9. 31-46. 10.15678/EBER.2021.090102. Retrieved from https://www.researchgate.net/publication/351311383_The_role_of_family_environment_in_de veloping_the_entrepreneurial_intention_of_young_Tunisian_students (5.4.2023)
- M. Holienka, M. Mrva, P. Marcin (2013) ROLE OF FAMILY ENTREPRENEURIAL ROLE- MODELS IN DETERMINING STUDENTS¡¦ PREFERENCES TOWARDS ENTREPRENEURSHIP, ICERI2013 Proceedings, pp. 3722-3730.
- Dewi, Ilma & Antawati, Dewi. (2016). PARENT ROLE IN PROMOTING CHILDREN'S ENTREPRENEURSHIP INTENTION. Retrieved from https://www.researchgate.net/publication/313055840_PARENT_ROLE_IN_PROMOTING_C HILDREN'S_ENTREPRENEURSHIP_INTENTION (5.4.2023)
- Abun, D., Foronda, S.L.G.L., Julian, F.P., Quinto, E.A., Magallanes, T. (2022). Business intention of students with family business and entrepreneurial education background. INTERNATIONAL JOURNAL OF BUSINESS ECOSYSTEM & STRATEGY 4(2) (2022) 1- 12 2687-2293. Retrieved from https://hal.science/hal-03636078/document (5.4.2023)
- Mustapha, M., Selvaraju, M. (2015). PERSONAL ATTRIBUTES, FAMILY INFLUENCES, ENTREPRENEURSHIP EDUCATION AND ENTREPRENEURSHIP INCLINATION AMONG UNIVERSITY STUDENTS. Kajian Malaysia, 33(1)., 155¡V172. Retrieved from http://web.usm.my/km/33(Supp.1)2015/Art.10%20(155-172).pdf (15.4.2023)
- Nguyen, C. Demographic factors, family background and prior self-employment on entrepreneurial intention - Vietnamese business students are different: why?. J Glob Entrepr Res 8, 10 (2018). https://doi.org/10.1186/s40497-018-0097-3 Retrieved on (15.4.2023)
- Lim, Yet & Lee, Teck-Heang & Cheng, Boon-Liat. (2012). Entrepreneurial Inclination Among Business Students: A Malaysian Study. The South East Asian Journal of Management. 6. 10.21002/seam.v6i2.1318. Retrieved from https://www.researchgate.net/publication/306050061_Entrepreneurial_Inclination_Among_Bu siness_Students_A_Malaysian_Study (18.4.2023)
- Retrieved from GEM Global Report 2019/2020 (gemconsortium.org) (18.4.2023)
- Retrieved from https://www.academia.edu/35984316/STUDY_OF_FACTORS_AFFECTING_ENTREPRENEURIAL_INCLINATION_AMONG_UNIVERSITY_STUDENTS (1.4.2023)
- Retrieved from https://www.researchgate.net/publication/326898142_The_Factors_Affecting_Entrepreneurshi p_Intention (3.4.2023)
- Retrieved from https://lemma-tijdschriften.com/gallery/goj-1723.pdf (18.4.2023)

International Journal of advance and Innovative research
ISSN : 2394–7780
{SJIF Impact Factor: 7.36}

Is hereby awarding this certificate to

Dr. Bageshree P. Bangera Bandekar

In Recognition of the Publication of the Research Paper titled

ADOPTION AND TRENDS OF ARTIFICIAL INTELLIGENCE (AI) IN ENTREPRENEURIAL BUSINESS DOMAINS IN INDIA: A REVIEW STUDY

Published in IJAIR, Volume 11, Issue 1, January - March 2024

www.iaraedu.com

Managing Editor {IJAIR}

Volume 11, Issue 1
January - March 2024

ISSN: 2394 – 7780

IJAIR
IMPACT FACTOR
7.36

International Journal of
Advance and Innovative Research

Indian Academicians and Researchers Association
www.iaraedu.com

International Journal of Advance and Innovative Research

Volume 11, Issue 1: January - March 2024

IJAIR

IMPACT FACTOR

7.36

International Journal of Advance and Innovative Research

ISSN : 2394-7780

The International Journal of Advance and Innovative Research is an online open access, peer reviewed & refereed journal.

Scientific Journal Impact Factor

CERTIFICATE OF INDEXING (SJIF 2018)

This certificate is awarded to

International Journal of Advance & Innovative Research
(ISSN: 2394-7780)

The Journal has been positively evaluated in the SJIF Journals Master List evaluation process
SJIF 2018 = 7.363

SJIF (A division of InnoSpace)

SJIFactor Project

International Journal of Advance and Innovative Research
Volume 11, Issue 1: January - March 2024

CONTENTS

Research Papers

 ISSN 2394 - 7780

ADOPTION AND TRENDS OF ARTIFICIAL INTELLIGENCE (AI) IN ENTREPRENEURIAL BUSINESS DOMAINS IN INDIA: A REVIEW STUDY

Dr. Bageshree P. Bangera Bandekar[1] and Mrs. Arpita Atibudhi[2]
[1]Research Guide, Cosmopolitan's Valia College of Arts & Commerce, D.N. Nagar, Andheri (West)
[2]Research Scholar, D.T.S.S. College of Commerce, Malad (East)

ABSTRACT
Artificial Intelligence (AI) is the newest buzzword in the digital world today. AI refers to a broad term for all applications, technologies and digital processes that simulate human efforts, processes, and thoughts to make informed decisions and solve problems. Over the few years of its existence, it has found extensive use in many sectors of the businesses across the globe; namely – manufacturing, tertiary and primary sectors. The future of entrepreneurs and entrepreneurship is going to be deeply impacted by AI technologies. Even though the concept of AI is in its teething stage in India, many start-ups and businesses have started adopting AI as a major catalyst of business processes in India. Several sectors are exploring and adopting AI applications actively in various areas of businesses like product design, delivery systems, logistics, quality control and even human resource management. This adoption of AI in several sectors will have lasting implications on the growth of entrepreneurship. It may have positive and negative influences on sectors in areas of technological innovation, service delivery, risks, and costs. Considering these pertinent observations, the current study traces the adoption and trends of AI in various domains of the business sectors in India. The study uses several literatures to track the same. Further, the study puts forth several deliberations and suggestions for a smooth transition towards AI enabled businesses. The study finally aims to provide a future direction for deeper research into different areas of AI implementation and its effect on entrepreneurs and enterprises.

Keywords: *Artificial Intelligence, Entrepreneurs, Entrepreneurship, Start-ups, Business Sectors, AI Implementations, AI Applications*

1. INTRODUCTION – CONCEPT OF ARTIFICIAL INTELLIGENCE:
Artificial Intelligence is a created phenomenon where specific aspects of human intelligence consisting of logic and reasoning, problem solving and machine–human interaction are incorporated through devices. Over the past decade, AI has been developed gradually to simulate human effort through an action process using applications like natural processing of languages, speech recognition and machine vision. Usually, a generic AI system focusses on the following aspects:

a) Learning- Learning and machine learning are sub systems of AI where, algorithms are created to enable information and data to be analyzed and thus enabling the devices to use that information and data to complete the assigned tasks.

b) Logic and reasoning- Further, information and data is used to arrive at an expected outcome. This is done through correlation and patterns that can be identified amongst the data.

c) Calculations and innovations- AI focusses on using algorithms, neural networks and even statistical methods to find out results and create text, images, ideas and even music.

Using advanced concepts of machine and deep learning and such other technologies, AI is replicating human actions and processes at workplaces. One of the significant examples of this is ChatGPT and self- driving cars. An article by Tech target states that AI finds application in businesses in areas like innovations in product designs, service deliveries, augmenting employee efforts, mobilizing knowledge and information across business sectors, optimizing strategies and enhancing productivity and operations, to name a few.

2. BACKGROUND OF THE STUDY – AI AS A CATALYST IN THE GROWTH OF ENTREPRENEURSHIP:
Post 2016, the growth of entrepreneurship can be accredited to several policy measures (NITI Aayog scheme and Make in India). Further, the MSME ministry swung into full force to support start- ups. Currently, several start-ups are operating in the market using the B2C model. The intervening factor has been technology. The dynamics of entrepreneurship are no longer limited to social media marketing or digital marketing. Several studies have suggested that AI is going to have a long lasting and a powerful impact on enterprises. The impact is multifold.

Few amongst the many economic impacts include higher productivity through automation, and fulfilled consumer demands through AI driven high quality products and services. With the latest phenomenon of

Industry 4.0, entrepreneurs involved in manufacturing start-ups and businesses are looking to adopt AI enabled manufacturing processes and shopfloor automation. Tertiary sector is also looking forward to AI led delivery of services, customer management automations and brand management. Various literatures have suggested that entrepreneurship and innovation is a pertinent way towards sustainable growth for a labour dense and developing country like India. Hence, to foster strong entrepreneurship in the country, adoption of AI is inevitable as it is the need of the hour. Moreover, the pillars of robust entrepreneurship- innovation, customer relationship management, data analytics, strong product development, market mapping and funding; each one of them will be impacted intensely by AI technologies in the future.

3. OBJECTIVES OF THE STUDY:

1. To review various literatures related to artificial intelligence (AI) and its application in business processes.

2. To examine the trends of AI adoption in India by entrepreneurial domains.

3. To provide suitable suggestions to optimize the application of AI in enterprises with respect to India

4. RESEARCH METHODOLOGY:

The current study is a secondary study based on exploratory research design. The researcher strives to achieve the objectives of the study using several literatures like research papers, articles, reports, blogs, and such other authentic literary material. The researcher has also surveyed online databases that comprise of information on artificial intelligence and its use in business. After collating the findings from secondary data, the researcher presents an overview of AI trends in businesses in India and deliberations with regards to the same.

5. SIGNIFICANCE AND SCOPE OF THE STUDY:

The study has used several literatures and databases to assemble the findings, information and data to trace the adoption and use of AI by different entrepreneurial sectors in India. The research aims to bring forth certain deliberations and suggestions for use of AI in businesses. The current study aims to provide a further trajectory for future research in the areas of AI and its use in business.

6. TRENDS OF AI IN ENTREPRENEURIAL DOMAINS IN INDIA:

Despite the prediction that AI will double the economic growth for India by 2035, it presents several opportunities and challenges to every nation. It requires a planned strategy and preparation for the potential impact that AI might have on vital areas like the job market, regulatory aspects and infrastructure. AI will definitely have long standing and unique effects on Indian trade, commerce and business. Considering the unique demography of India having the maximum share of the world's youngest population, there is a movement towards entrepreneurial activities. Further, the encouragement of the entrepreneurial ethos in India has led to a large number of enterprises being established. According to GEM (Global Entrepreneurship Monitor), India stands fourth in world's highest number of tech start- ups, world's highest number of unicorns start- ups and in providing quality entrepreneurship ecosystem. Several studies have indicated that enterprises have utilized various aspects and applications of AI. In this regard, India has seen disruptive transformations in augmenting labour and production capabilities. It can also be said that India is already on the way to adopting AI as an indispensable tool for business processes. The predominant sectors which have already initiated the use of AI are BFSI, healthcare, education, and E- Commerce. There is a considerable debate as to whether AI presents positive changes or negative implications. While, it may present job opportunities in certain areas, it also has the potentiality to displace jobs (Sahane et al., 2023). Considering the potentiality of AI, it is important to highlight the sectors and areas most impacted by it.

A report by Niti Aayog in 2018 has identified certain domains within the economy where AI could have long standing effects. Further, the report connected the growth of entrepreneurship in India and success of the new start-ups to quick adoption of AI. The report further envisages AI to be the newest factor of production, where it enhances the use of other factors of production like capital and labour. Every entrepreneur will have to factorize the use, cost and effect of AI in the seed stage itself. An overview of entrepreneurial sectors vis-à-vis AI adoption is presented below:

1) IT Sector- The future of Indian IT companies and start-ups are dependent on cloud infrastructure and technologies which are AI driven. This sector was the dominant sector to explore and adopt AI. Established companies like Wipro, TCS, Infosys and others have begun to make significant strides in this respect. The aim is to provide modern solutions to clients which focus on higher data privacy, data security, end to end solutions, seamless management of applications and data across platforms.

2) Healthcare- Diversity of the country has led to disparity in provision of health care services to rural areas and a few states. AI solutions like predictive smart diagnostics, customized treatments through online mediums,

ISSN 2394 - 7780

forecasting pandemics and even imaging solutions will solve the problem of access to healthcare facilities in far-off areas. Remote patient monitoring tools and applications are all set to enter the healthcare sector in India in a big way. Pharmeasy, the Mumbai based start-up uses AI to get real time data and communicate with the consumers. Several other healthcare pharmacies and start-ups in India like Qure.ai (which uses AI for virtual radiology scans) and Healthify me uses AI tools to provide services in real time and in regional languages. The healthcare sector uses machine learning tools like Hadoop, Tensorflow, Hbase, Kafka and Hive to upgrade their services.

3) Manufacturing and construction- AI is set to transform the secondary sector, namely, construction through AI powered research and development, machine maintenance through smart asset utilization and use, production efficiency through machine-based demand forecasting and supply chain logistics through smart mobility and tracking. Currently, AI is applied to areas of quality control for defects identification and standardisation solutions in India. When leveraged rightly, AI impacted systems can be used in core sectors like power, energy and infrastructure too for better use of resources, lesser gestation periods and lesser breakdowns. Further, Use of AI is beyond the nascent stage in the automotive sector where AI can be used in testing automobile performances, identify defects and create modern designs and features.

4) Education- Currently, this sector is witnessing disruptions in the form of several edutech start-ups. Byjus and Unacademy were the frontrunners followed by several others. Use of AI in education sector is leading to learning and teaching disruptions. The use of AI in education sector is to predominantly provide enhanced learning solutions, interactive tests and experiential vocational training. A relevant example here would be the adoption of AI technologies by the edutech giant Courseera. The start-up runs several courses across the world and in India. They have successfully used machine learning technologies to translate courses in several languages. Further, AI can provide technologies to serve the students better and faster in real time. This will lead to improved skill-based education and training focused on higher employability and better human capital.

5) Agriculture- India started off as an agrarian economy. Even though its contribution to the country's economy may not be as substantial as the tertiary sector, it is integral to the rural economy of India. Agritech is a phenomenon which is here to stay. There are several agriculture-based start-ups like Aibono, Apna Godam, Big Haat, Agrostar and such others. This sector is looking towards a potential $24 Billion market by 2025. Each of these entrepreneurs have used tools of AI and machine learning to launch innovative services. Thus, the application of AI can be two-fold here; one in the actual fields with farmers and other with the growing agritech sector. AI finds potential use in the rural agriculture farmlands through smart solutions to predicting crop productivity, evaluating agricultural challenges like irrigation problems, innovative solutions for pesticide and fertilizer application and even improvement in output through real time advisory for the farmers.

6) E- Commerce and service sectors- The use of AI in service is three pronged; namely, to scrutinize consumer behavioural patterns, augment customer's shopping experience and integrate all business processes. For example, several food delivery platforms are using chatbots for ordering food, provide recommendations of products to be purchased and also relationship management. Application of AI is noteworthy in the service sector areas like travel and tourism, BFSI and E-commerce. Each of these domains have started using AI for creating user experiences and client satisfaction.

An article by Indiaai (National AI portal of India) reveals that Nasscom collaborated with Microsoft to launch the AI adoption index. The methodology for this comprises of tracking the journey of adoption of AI by several sectors. Accordingly, the sectors were assigned categories like explorers, enthusiasts, experts, and evangelists depending on their intensity and prowess to use AI. Further every sector is given a score based on the category of maturity in adopting AI. This score is calculated based on parameters like AI strategy, talent and use, investments, technology, ethics and governance. Accordingly, sectors like manufacturing and industrial acquired the highest score followed by retail, BFSI and healthcare sector.

Similarly, according to a study by PwC India, AI presents forth several opportunities amidst the post- covid crisis. The firm conducted a survey of top CXOs of new enterprises and entrepreneurs in India and have put forth findings which suggest that 62% of the newly started companies that were surveyed have started exploring AI in some form or the other. They belong to different stages of AI implementations and adoptions. 16% of the companies reported initial progress in adoption of AI while more than 19% of the companies reported successful adoption of AI and a 360 degree transformation in digital processes. A pertinent revelation by the report is that 38% of the companies do not plan to implement AI even in the future.

International Journal of Advance and Innovative Research
Volume 11, Issue 1: January - March 2024
ISSN 2394 - 7780

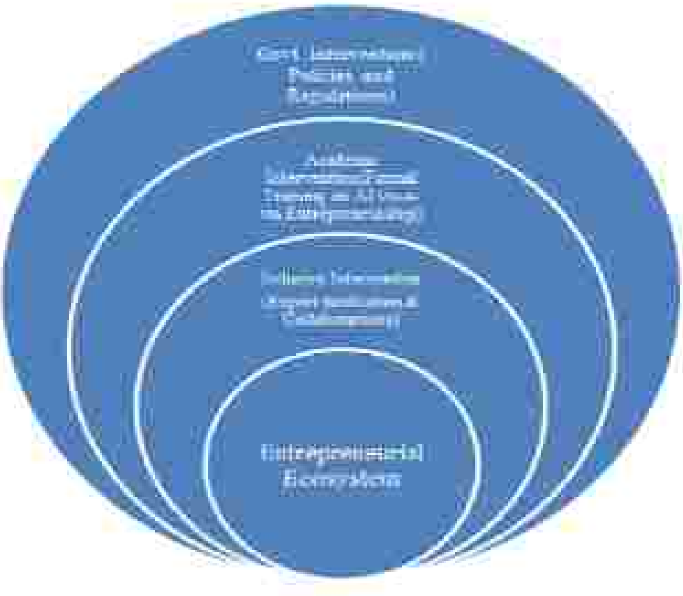
7. CONCLUSIONS AND DELIBERATIONS OF THE STUDY:

Despite the advantages and positive implications that application of AI provides, there are several deliberations with regards to challenges with its adoption and implementation. For successful implementation of AI across business domains and processes, it requires committed leadership, skilled employees, and a clear roadmap. The following points of contention can be put forth through this study:

- Entrepreneurs desirous of adopting end to end AI solutions must transform their vision, mission and business strategies in alignment with the overall AI roadmap of the company.
- In order to implement long term AI solutions, enterprises need to have a strong design and architecture of its IT infrastructure and digital capabilities to handle data, processes and contingencies.
- Entrepreneurs should consider phased out implementation of AI in digital roll outs and conduct a cost benefit analysis at every phase to avoid possible failures
- The application of AI is nuanced and has several dimensions. Hence, it will affect several areas in organizations like people, processes, and policies. Thus, organizations should prepare a change management plan.
- The success of any digital application depends on vendor strategy. Enterprises should have a well thought vendor strategy considering all aspects of quality, cost and benefits.
- The use of AI and its application should be evaluated vis-à-vis its impact on various stakeholders like customers, clients, distributors, intermediaries, and the society. This will have long standing effect on brands and their reputation.
- It is challenging to exactly measure the economic benefit of AI application. Hence it is necessary to formulate ways to measure the return on investment of AI applications in business.
- Currently, the use of AI is predominantly by the large start-ups and firms. AI is yet to take off as a tangible mass market application. The smaller firms should work towards a suitable value proposition by combining traditional business ethos powered by AI platforms in order to break barriers.
- AI should be used to supplement creativity and innovation rather than replacing human thinking and effort in order to avoid product and service homogenization.

To conclude, there should be an initiation and enhancement of an overall AI powered entrepreneurial ecosystem in India. Governments, higher education institutes and industry experts should collaborate and work towards systematic spread of AI knowledge, tools and their adoption. Government policies would encourage responsible application of AI through comprehensive security and data privacy measures. Education institutions can aid in creating AI enabled innovation hubs and entrepreneurs can foster world class sophisticated work environment and enterprises. Given below is the suggested framework for augmenting AI based entrepreneurial ecosystem represented by four concentric circles:

Figure 1: AI Based entrepreneurial ecosystem



REFERENCES

Bibliography:

- Srivastav, S (2018), 'Artificial Intelligence: Way forward for India', Journal of Information Systems and technology Management, Vol. 15
- Sahane, et al. (2023), 'Impact of AI on Employability in India', Shodhsamhita, Vol. 10- No.2
- Singh and Tilak (2019), 'Employment transformation through AI in India', International Journal for Engineering Research, Vol.14- No. 7
- Soni, Et al (2020), 'Artificial Intelligence in Business: From Research and Innovation to Market Deployment', Procedia Computer Science, Vol. 167
- Jain,V (2019), 'Impact of Artificial Intelligence on Business', International Journal of Research and Analytical Reviews, Vol. 6- No. 2
- Manivel, R (2023), 'Exploring the Impact of AI in Business Decision Making', Journal of Data Acquisition and Processing.
- Rouse, D (2020), Artificial Intelligence in Business, O'Reilly Publications
- Jha, A (2020), Artificial Intelligence for Business Leaders, Atlantic Publishers & Distributors
- Singhal, V (2020), Leveraging Artificial Intelligence for Business Success, Notion Press
- Kumar, E (2020), Artificial Intelligence, Dreamtech Press

Webliography:

- https://www.ibm.com/thought-leadership/institute-business-value/en-us/report/cognitiveindia/
- https://www.niti.gov.in/sites/default/files/2023-03/National-Strategy-for-Artificial-Intelligence.pdf
- https://indiaai.gov.in/research-reports/ai-adoption-index-tracking-india-s-sectoral-progress-on-ai-adoption/
- https://www.pwc.in/assets/pdfs/data-and-analytics/ai-an-opportunity-amidst-a-crisis.pdf
- https://indiaai.gov.in/
- https://www.ey.com/en_in/ai/ey-nasscom-ai-adoption-index-is-ai-still-incubating-in-your-organization-or-driving-innovation
- https://nasscom.in/knowledge-center/publications/generative-ai-startup-landscape-india-2023-perspective
- https://www.gemconsortium.org/reports/latest-global-report
- https://inc42.com/startups/agritech-startups-disrupting-agricultural-landscape-in-india/

मध्य भारती

ISSN No. 0974-0066

मानविकी एवं समाजविज्ञान की द्विभाषी शोध-पत्रिका

Certificate of Publication

This is to certify that

Dr. Bageshree P. Bangera Bandekar

Research guide, Cosmopolitan's Valia College of Arts & Commerce, D.N. Nagar, Andheri (West)

For the paper entitled

EVOLUTION OF ENTREPRENEURSHIP AND THE JOURNEY BEYOND- AN EXPLORATION

Vol 84, No.2 (6), July - December 2023

in

Madhya Bharti- Humanities and Social Sciences

Impact Factor- 6.1

UGC Care Approved, Peer Reviewed and Referred Journal

Editor-in-Chief

84

जुलाई - दिसंबर 2023

आज़ादी का अमृत महोत्सव

मध्य भारती

मानविकी एवं समाजविज्ञान की द्विभाषी शोध-पत्रिका

मध्य भारती

मानविकी एवं समाज विज्ञान की द्विभाषी शोध-पत्रिका

ISSN 0974-0066

UGC Care List, Group - C (Multi-disciplinary), Sl.no. - 15

(अंक-84, जुलाई - दिसंबर 2023)

विशेषांक
राष्ट्रीय शिक्षा नीति -2020: परिप्रेक्ष्य और परिवत्य

डॉक्टर हरीसिंह गौर विश्वविद्यालय
सागर (मध्य प्रदेश) – 470003
दूरभाष : (07582) 297133
ईमेल : madhyabharti.2016@gmail.com

मध्य भारती

मानविकी एवं समाजविज्ञान की द्विभाषी शोध-पत्रिका

अंक-84, जुलाई - दिसंबर 2023

ISSN 0974-0066 (पूर्व-समीक्षित अर्द्धवार्षिक शोध-पत्रिका)

डॉक्टर हरीसिंह गौर विश्वविद्यालय, सागर (म.प्र.)

UGC Care List, Group-C (Multi disciplinary), Sl.no.-15

प्रकाशित रचनाओं के अभिमत से डॉक्टर हरीसिंह गौर विश्वविद्यालय, सागर या सम्पादकों की सहमति अनिवार्य नहीं है, तथा यहाँ प्रकाशित आलेखों 'प्लेजिरिज्म' (Plagiarism) सम्बन्धी शुचिता की जिम्मेदारी लेखकों की है।

सम्पादकीय पत्र व्यवहार :

मध्य भारती

डॉक्टर हरीसिंह गौर विश्वविद्यालय

सागर - 470003 (म.प्र.)

दूरभाष : (07582) 297133

ई-मेल : madhyabharti.2016@gmail.com

आवरण : डॉ. छबिल कुमार मेहेर

मुद्रण :

अमन प्रकाशन

कटरा नमक मंडी, सागर (म.प्र.)

सदस्यता शुल्क		
	प्रति अंक	आजीवन
व्यक्तिगत	रु. 150/-	रु. 2000/-
संस्थागत	रु. 200/-	रु. 4000/-

अनुक्रम

Madhya Bharti
Humanities and Social Sciences
मध्य भारती
ISSN: 0974-0066

EVOLUTION OF ENTREPRENEURSHIP AND THE JOURNEY BEYOND- AN EXPLORATION

Dr. Bageshree P. Bangera Bandekar
Research guide, Cosmopolitan's Valia College of Arts & Commerce, D.N. Nagar, Andheri (West)

Ms. Arpita Atibudhi
Research Scholar, D.T.S.S. College of Commerce, Malad (East)

Abstract:
Entrepreneurship has seen a rising growth and transformations over the years. India has been home to several entrepreneurs like Jamshetji Tata, Karsanbhai Patel and Mukesh Ambani spanning from the pre- independence era to the current generation. Interestingly, the evolution of entrepreneurship in India can be traced back to the age of barter exchange and later when the Hindu social order of sects came into being. Swadeshi movement during the colonial rule and the New Economic Policy in the 1990s were the important catalysts for entrepreneurship in India. From 2000 onwards, India witnessed several changes in the business culture. The onset of technology, government policies and intervention, emphasis on entrepreneurship development programmes and a targeted focus on rural and women entrepreneurship transformed the landscape of entrepreneurship in India. Post Covid-19, India has seen marked modifications in the way businesses are conducted, markets are served and stakeholders are managed. In the present day VUCA world, an entrepreneur has to be adaptable, to be able to face this environment. In this regard, entrepreneurs need to develop research skills, use data to foresee the potentialities or threats and become responsive in real time to be able to survive. The current study is an exploratory study which traces the evolution of entrepreneurship in India through the years. It also delves deep into the changing dynamics of entrepreneurship in the modern world. Further, the study concludes by providing a framework which may serve as guidelines for entrepreneurs to chart out their future course of actions.

Keywords: *Entrepreneur, Entrepreneurship, Entrepreneurship Development Programmes, Evolution of entrepreneurship*

Introduction:
The genesis of the term 'entrepreneur' arises from the French noun, 'Entreprendre', which means 'to do an activity'. To put it simply, entrepreneur is a person who has the desire, ability and motivation to innovate, establish, administer and manage a business so as to earn revenue along with assuming risks. An entrepreneur starts an activity called as 'entrepreneurship' and runs an 'enterprise'. Entrepreneurship introduces dynamism in the global economic development and contributes to significant international trade activities. It is the most vital element that contributes to the economic, social and political cohesion in the world. Global entrepreneurship has its origin from the time of barter exchange and later extended towards the formation of the Maritime Silk Routes which connected the western world to the eastern world for trade. Right from regional integrations, free trade agreements,

ISSN: 0974-0066

multi- lateral trade to the immense growth of technology has led to a global boost in entrepreneurship. In India, historical data provides traces of entrepreneurship during the Harappan civilization, which later passed on to the Mughal rule, the pre- independence era and the post- independence period. In contemporary India, entrepreneurship is highly developed and is characterized by a knowledge based entrepreneurial ecosystem.

Review of Literature:

An article by E-Gyankosh reiterates the presence of entrepreneurship in ancient India. The article also puts forward key observations which trace the journey of entrepreneurship in India over the years. Some of them include presence of sophisticated entrepreneurial pursuits relating to handicrafts, arts and crafts, growing urbanization in India, contribution of specific communities to entrepreneurship and the Swadeshi movement. The study inferred that India already had an existing entrepreneurial ecosystem since years.

Sahoo, S (2022) in his research paper explored the challenges and opportunities of entrepreneurial activities in present day India. His pertinent findings highlight that India has seen a significant growth in social and rural entrepreneurship. The researcher has also put forward several challenges like familial pressure against taking risks, lack of capital resources and technological inhibitions. The biggest opportunities include presence of a large market, improved standards of living and the advancement of the service sector.

Sharma, S (2023) has brought out few important points which trace the development of entrepreneurship in India and its role in the economic development. The research study compared India's entrepreneurial journey to other countries. India stands at the 68th position out of 137 countries according to the study. Further, the researcher also finds positive co-relation between modern entrepreneurship and product driven growth, innovation ecosystem, risk taking ability and technology absorption.

One more study by Ritu and Chawla (2021) states that India is home to 4700 start-ups and can boast of the third largest start-up ecosystem in the world as of 2016 data. The study presents some points of contention like knowledge about technology, marketing expertise, research abilities and innovative mindset, which affect the entrepreneurship positively in India.

A descriptive study by Nayak et al. (2023) stresses on the governmental intervention in augmenting entrepreneurship. Government has formed the MSME ministry to support micro to small industries, which has enhanced the growth of industrial enterprises. Further government has also introduced several schemes like Make in India, Mudra Yojana, and Tarun Yojana to promote entrepreneurship. The study concludes that skill development, education and focus on innovation have been key factors which facilitate successful entrepreneurships in India.

In order to address the current demographical profile of entrepreneurs in India, a research study by Arya et. al. (2017) was reviewed. The study emphasized on women entrepreneurship in India and its status. The study brought forth important conclusions which reveal that women entrepreneurship is growing in rural areas due to self- help groups and in urban areas due to self- motivating factors. The

ISSN: 0974-0066

paper puts forth scope for further study into the demographical features of entrepreneurs in India and their effect of entrepreneurship growth.

Objectives of the study:

The study focuses on the following objectives:

1. To trace the evolution of entrepreneurship in India
2. To explore the dynamics of modern entrepreneurship in India
3. To identify the changes in the current entrepreneurial ecosystem in India
4. To provide a guiding framework for the entrepreneurs to chart out their future course of action.

Research Methodology:

The study uses an exploratory and review study research methodology to fulfill the objectives. Secondary data is used from research papers, newspaper articles, reports, and other open access databases from the internet to arrive at the conclusion. The researcher has used secondary data to identify the changing dynamics of entrepreneurship scenario in India and based on that has formulated a guiding framework for entrepreneurs.

Significance of the study:

The review of literature brings forward a specific path for the current study. The entrepreneurial climate in India has undergone several changes in the recent years due to several factors, significant amongst them being outbreak of Covid-19, proliferation of technology and increased entrepreneurial development initiatives. The study will reveal the dynamics of modern entrepreneurship in India. The current study traces the evolution of entrepreneurship in India and progresses further to identify catalytic factors that have led to the transformation of the entrepreneurial fabric in India. Thus, the study presents an overview of entrepreneurship in India then and now. The findings of the study can provide further scope for research to gauge the future trends of entrepreneurship in India.

Evolution of Entrepreneurship in India:

Entrepreneurship, in India finds its roots in the ancient Veda, Rigveda, where men engaged in metal handicrafts to survive and fulfill their societal duties. The genesis of entrepreneurship also can be traced back to the Hindu social order, where the Vaishya sect members were the primary businessmen in India. Further, with the advent of silk and spice routes, India became an active participant in global trades where small businessmen supplied spices like cinnamon and pepper to the western world. During the colonial rule, the British rulers introduced a culture of industrialization post the industrial revolution. While several ancient scriptures present evidences of presence of entrepreneurship, formal entrepreneurship found its way only during the colonial rule. Communities like Gujaratis, Parsis and Marwaris contributed highly to entrepreneurship in India during this period. In the early 1900s, following the industrial revolution and mobilization of funds by the aforementioned committees, the Swadeshi movement took off rapidly. As a result, several industries and mills were established. Post the independence, the government focused its attention to industry to achieve economic growth. As a result, the first Industrial Policy was introduced in 1948 which was regularly amended. Following an open economy as its objective, the LPG model or the New Economic Policy was introduced in 1991, which boosted entrepreneurial activities in India through opening up of the private sector, focus on

MSMEs and globalization. According to a report by Global Entrepreneurship Monitor (FY 21-22), there was spurt in the entrepreneurship activities from 2000 to 2021. It rose to 14.4% in 2021. The ownership rate of businesses rose to 8.5% in 2020. Today India boasts of several tech start-ups globally and various other successful home-grown brands.

Dynamics of Modern Entrepreneurship in India:
The modern business world is the VUCA (vulnerable, uncertain, complex and ambiguous) world. It requires a lot of flexibility, agility, and adaptability to survive. Further, technology and digitalization are key catalytic factors which affect the growth and development of entrepreneurship in India. In order, to address the volatility, an entrepreneur requires to assess the uncertainty by evaluating the cause and effect of the business situations and events. Further, the entrepreneur has to adopt a research-based approach in order to bridge the gap between the past experience and future events. The business and entrepreneurial ecosystem is characterized by multi layered complexities right from supply modalities, logistics, distribution, market peculiarities, legal and political climate and the technological transformation. Entrepreneurs have come a long way from the 'one size fits all' approach to the current paradoxical situations where the organizations and entrepreneurs must align their corporate identity, values and their marketing communication to the changing world.

Apart from personal motivation factors and psychological drivers, the study has identified a few dynamics of modern entrepreneurial ecosystem in the changing world as follows:

- **Technology-** India is increasingly seeing quick and affective changes brought about by technological transformations. With artificial intelligence and machine learning, business processes and operational dynamics have seen phenomenal modifications. From handling routine tasks to conducting complex forms of market research can be easily facilitated using technology.
- **Data Driven Approach-** Entrepreneurial ecosystem is driven today by robust data and information systems. Entrepreneurial work would be affected by availability and expeditious use of data. The goal of entrepreneurs should be to use data to develop a customer centric approach.
- **Skill Based and Vocational education-** Gone are the days when standardized Entrepreneurial Development Programmes (EDP) were offered by institutions, government agencies and educational centers. Today, the modern business world necessitates specialization. Many institutions and agencies have taken up vocational and skill-based education to be provided to future entrepreneurs. Niche areas are identified and courses and education programmes are curated to bridge the entrepreneurial gap.
- **Changing social fabric-** The concept of entrepreneurship has widely spread to the rural areas through the SHG (Self Help Group) model, and government initiatives and awareness movements by NGOs. Further demographically, higher number of women are taking up entrepreneurial activities to satisfy their dreams and be financially independent.
- **Government intervention-** Off late, certain policy decisions have been conducive to the entrepreneurial growth in India. Right from promotional initiatives like Make in India, Digital

ISSN: 0974-0066

India and Skill India to regulatory measures like delicensing has boosted modern entrepreneurship in India.

- **Supportive Networks**- Modern business world in India is seeing a growth of supportive entities like venture capitalists, angel funders and private investors. Financial institutions like banks have modified their lending policies to support the spurt in the growth of entrepreneurship in India. There are growing possibilities of collaboration to innovate, use available talents, pool resources, and diversify to new markets. This has changed the landscape of entrepreneurship in India, leading to larger number of domestic brands.
- **Social media and other media proliferation**- The growth of internet and consequently the number of social media users has led to a boom in the market demand. Further new markets have opened up due to higher awareness. Social media provides diverse consumers marketing and product content in the form they require. This has led to a need for entrepreneurs to make their way and explore untapped markets in India.
- **Sustainability**- With growing focus on environment friendliness and mindfulness about adopting sustainable business practices, businesses need to embrace that approach. Organizations are increasingly innovating towards green products, ecofriendly business processes and are ensuring operating the business in a way which causes least harm to the environment.

Conclusion and Recommendations:

Having explored the entrepreneurial trajectory in India, it can be concluded that India has seen large scale changes in the entrepreneurial ecosystem. There is a constant need to innovate, adapt and be in tune with the outside world. Further, entrepreneurs need to be updated about the happening of the world and be prepared to be responsive to those changes. Modern day entrepreneurs need to consider the changing dynamics into the VUCA world and accordingly align their businesses with that.

In line with the concluding remarks, the researcher has devised a framework for entrepreneurs to chart out their plan of action to face the changing world as follows:

1. **Chart out the future and purpose** - Respond to the current changes to be adaptive to the future and realign vision and corporate identity.
2. **Opportunity and Advantage analysis** – Identify opportunities and strategically plan to leverage key organizational advantages.
3. **Focus on niche areas and build stakeholder relationships** – Focus on best offerings and products, and build fruitful collaborations and networks with stakeholders.
4. **React and respond** – Develop flexibility and agility to external and internal changes, create accountability for failures and foster a culture of continuous innovation.

References:

1. Bibliography –

- Biswas and Dey. (2021). Entrepreneurship Development in India, Routledge Press
- Newman et. al. (2022). Entrepreneurship in India, Routledge Press
- Sharma, V. (2019). Evolution of Indian Entrepreneurship, Consultance Department

ISSN: 0974-0066

- Vaynerchuck, G (2009). Crushing It, Harper Collins
- Kalra and Shubhankar (2022). Start up Compass, Harper Collins
- Sharma, S. (2023). 'The Role of Entrepreneurship in Economic Growth and Development of India', International Research Journal of Modernization in Engineering Technology and Science, Vol.5- No. 12
- Ritu and Chawla (2021). 'Indian Environment for Entrepreneurship: A Study based on Literature Review', International Research Journal on Advanced Science Hub, Vol.3- No. 4
- Nayak, et. al.(2023). 'Descriptive Study on Rising Entrepreneurship In India: Scope and Future.' European Chemical Bulletin, Special Issue- 5
- Arya, et.al. (2017). 'Women Entrepreneurship- A Study of Indian Scenario', International Journal of Research in all Subjects in Multi Languages, Vol.5- No. 10
- Sahoo, S. (2022). 'Challenges and Opportunities of Entrepreneurship in India', International Journal of Research and Analytical Reviews, Vol. 9- No.1

2. Webliography –

- https://egyankosh.ac.in/bitstream/123456789/32592/1/Unit-2.pdf
- https://www.cheggindia.com/earn-online/entrepreneurship-in-india/
- 3)https://www.thehindubusinessline.com/india-at-75/75-years-of-independence-the-evolution-of-indian-entrepreneurship/article65761573.ece
- https://www.fsm.ac.in/blog/entrepreneurship-development-in-india/
- 5)https://www.yourarticlelibrary.com/essay/entrepreneurship-essay/growth-of entrepreneurship-in-india-during-pre-independence/40661

THIRD CONCEPT
an international journal of ideas. ISSN 0970-7247

A STUDY ON CHALLENGES FACED BY YOUNG ENTREPRENEUR IN THE DIGITAL AGE

Dr. Bageshree P. Bangera Bandekar
Research guide, Cosmopolitan's Valia College of Arts & Commerce, D.N. Nagar, Andheri (West)

Ms. Arpita Atibudhi
Research Scholar, D.T.S.S. College of Commerce, Malad (East)

Abstract:
The integration of digital technology has revolutionised communication, information access, and business practices in the digital era. It promotes efficiency, innovation, and connectedness across a range of industries, propelling societal progress and economic expansion. The world of entrepreneurship has changed dramatically in the digital era, which is defined by quickening technical progress and widespread digitization. The purpose of conducting this research is to evaluate the challenges faced by young entrepreneurs in the digital age. This is studied with the help of variables like digital literacy, rapid technology changes, market saturation, financial management, global competition, building customer trust, work-life balance, human resource management, legal and regulatory compliance, and building a strong network. The technique used in this study is one sample t-test. The findings indicated that young entrepreneurs do face challenges in the digital age in confirmation to all the variables considered in this study.

Keywords: Young entrepreneur, digitalisation, challenges

Introduction:
The word "entrepreneur" comes from the French word "entrepreneur," which translates as "between-taker" or "go-between." Over time, the theory and terminology surrounding entrepreneurship have evolved significantly. The term "entrepreneurship" was used in the Middle Ages. The 17th century saw the emergence of an entirely novel view of the association between risk and entrepreneurship, the 18th century saw the separation of the entrepreneur from the capital provider (the modern venture capitalist justification being global industrialisation), and the 19th century saw its definition change to "to undertake." Consequently, an entrepreneur is a person who assumes the duty of overseeing, planning, and assuming risks associated with their firm. When concepts and vocabulary from business, management, commerce, and personal experience are considered, the idea of an entrepreneur is further developed. So, in essence, entrepreneurship is the act of inventing something new while taking on associated risks and reaping the benefits. The variety of abilities needed for

entrepreneurship varies depending on the individual, the market, the product, and several other variables. The list of qualities under the main headings, which include "technical skills, business management skills, personal entrepreneurship skills, communication skills, ethics and morals of an entrepreneur, ability to deal with emotions," etc., is not a formula or remedy that defines the set of skills. There are several ways to combine the various components of an entrepreneurial venture; however, each way creates a unique configuration for the various elements of the entrepreneurial setup. This is because, depending on the business concept or idea chosen, certain services or functions are essential to the venture's success and thus call for a particular kind of organization form, structure, approach, or technique. Crucial components of entrepreneurship are the decisions the entrepreneur makes from the assortment of options available to them at various phases of their business endeavour. (Saba, 2018).

The terms "business" and "entrepreneurship" are frequently used synonymously since they both deal with the formation and launch of new businesses. An entrepreneur is the one who creates a business start-up, which they nurture delicately and fragilely at every stage. Many fallacies around the idea of entrepreneurship were dispelled one after another because of the boom in entrepreneurship study and instruction. The practical application of entrepreneurship is its primary feature. In addition to investments, money growth, and market entry and exit, entrepreneurship also involves inventions, discoveries, transformation, and inspirations inside and among the entrepreneurial community. An entrepreneur is more than just a person who starts and manage businesses; they are idealists, diligent individuals with strong moral convictions, and intuitive people. These individuals are the ones that inspire those around them. (Saba, 2018).

The notion of "digitalization" has emerged and been more widely accepted as a result of the increasing importance of digital transformation in contemporary society. "The word "digitalization" refers to the overall process of society and business becoming digital. According to Innolytics' description, it depicts the shift from the industrial age and analog technologies to the knowledge and creative period, which is defined by digital technology and digital business innovation. Almost all sectors of the economy and services are being affected by digitalization, which is changing how businesses are managed and increasing their adaptability and competitiveness in the market. Digitalization is a powerful tool for putting positive trends into practice and creates a wealth of new chances for companies to grow. As a result, creating and implementing digital strategies will enable corporate organizations to grow sustainably while adjusting to the accelerating rate of digitalization. Digitalization, taken, is the process of transforming paper documents into electronic ones, photos into pictures on a screen, and other information transfers into a digital format. Digitalization, though, goes beyond this. The process of digitalization is essential to the growth of contemporary businesses in the neo-economy. It is intended to automate a wide range of tasks and streamline and expedite work with massive databases. (Volodymyr & Yana, 2023) The term "digital age" describes a period defined by the creation and extensive application of digital systems and technologies. People may now transmit and receive information with ease, and a variety of digital technologies are being used in everyday life and education, among other contexts (Carl, 2017). The advent of intelligent systems and networked items, together with the growing significance of digital intelligence, characterize the digital era. It causes paradigms to change in several areas of life, including as education, the function of instructors, and the idea of self.

The importance of this study on the difficulties young entrepreneurs have in the digital era is in its ability to provide insight into the changing face of entrepreneurship in modern society. Emerging entrepreneurs face a multitude of distinct possibilities and problems as the digital era continues to transform conventional business models. Policymakers, corporate executives, and prospective entrepreneurs must all have a thorough understanding of these issues to build solutions and support systems that will encourage the success of their ventures. This study offers important insights into how to support innovation, encourage economic growth, and empower the next generation of business leaders in a global economy that is becoming more and more digitalized by examining the unique challenges that young entrepreneurs encounter while navigating the digital space.

Review of Literature:

Gandhi & Suriakala (2018) The study's goal was to examine the new security and privacy issues that Indian organizations are dealing with in the context of the Digital India initiative. The study's conclusions showed that Indian businesses had not given cybersecurity enough attention, making them open to cyberattacks because there were few fundamental security procedures and technologies in place. Notwithstanding the lofty objectives of the Digital India initiative, the nation's digital infrastructure was seriously at danger due to the neglect of cybersecurity. The study emphasized the increased danger caused by insufficient security measures in Indian organizations and the prevalence of cyber espionage in the digital age. It emphasized how critical it is to boost domestic electronic manufacturing in order to successfully solve these issues.

Antony (2022) The purpose of the paper was to examine the potential and problems that the digital era in business and economics has brought about, as well as to suggest ways to take use of these chances to overcome the issues that arise. Many challenges were noted, such as automation, blockchain technology, change management, the COVID-19 pandemic, new skill requirements, e-commerce, industry expansion, security threats, information and communication infrastructure, labour and social relations, environmental concerns, regulatory issues, and technological advancements. The article suggested several solutions in response to these opportunities and challenges, such as drawing legislators' attention, creating targeted strategies and creative policies, providing financial support, developing a highly skilled labour force, enhancing trade logistics, boosting innovation capacity, involving responsible parties, outlining the roles of governments and the international community, and advancing the national e-commerce agenda.

Chinnaswamy (2022) The goal of the study was to examine at the potential and difficulties faced by business owners who practise digital entrepreneurship, which entails operating online employing cutting-edge ideas and technology. The study's conclusions focused on the continuous development and application of digital platforms to provide business possibilities. It emphasised that keeping abreast of market developments and satisfying client demands are critical tactics for succeeding in the field of digital entrepreneurship. The survey also looked at the difficulties encountered by business owners in this industry, which included anything from legal restrictions to complicated technology. The paper offered ways to address these issues and overcome them; these probably included methods for keeping up with legal requirements, adjusting to new technology, and streamlining corporate processes in the digital sphere.

Anitha & Veena (2022) The purpose of the article was to examine the difficulties that Indian startup entrepreneurs face despite government support programs. It brought attention to problems including tight budgets, little marketing options, little digital literacy, and fierce competition. Many businesses fail despite government initiatives like Startup India and Atmanirbhar Bharat because they are unaware of them. The document listed typical issues such as insufficient money, obstacles imposed by regulations, and shortcomings in infrastructure, and it suggested government-sponsored mentorship programs and training on digital literacy as remedies. India's startup ecosystem is ranked third in the world despite obstacles, indicating the country may see strong GDP growth and economic development in the future.

Cueto et al., (2022) The study focused on young Filipino entrepreneurs during the COVID-19 epidemic and sought to understand what motivates and hinders digital innovations in micro, small, and medium-sized firms (MSMEs) in the face of economic upheavals. Results showed that the epidemic had negative consequences, which encouraged entrepreneurs to innovate by moving their companies to online marketplaces. This change was motivated by both extrinsic variables like market circumstances, mobility limits, and household economic position as well as inner factors like personal and professional progress. The necessity for specialised online business skills, market-related problems on digital platforms, restricted access to high-quality internet infrastructure, and pandemic limitations were among the obstacles to digital entrepreneurship that participants also mentioned.

Anwer & Shboul (2023) The study's goal was to investigate the challenges early digital entrepreneurs (DEs) face in developing nations, with a special emphasis on Jordan. The study's conclusions identified nine main difficulties that early DEs in Jordan had to deal with. A lack of organization in the entrepreneurial environment was one of these challenges, along with inadequate funding on unfavourable terms, a lack of guidance and support from incubators, unexpected risks, difficult economic conditions, fierce competition, legal barriers, trouble accessing markets, and difficulties managing a team. The study examined these difficulties and offered suggestions to help early DEs make the most of their entrepreneurial journeys.

Objectives of the study:

1. To evaluate the challenges faced by young entrepreneurs in digital age, in relation to digital literacy, rapid technology changes, market saturation, financial management, global competition, building customer trust, work-life balance, human resource management, legal and regulatory compliance, and building a strong network.
2. To give appropriate suggestions to overcome the challenges faced by young entrepreneurs in digital age.

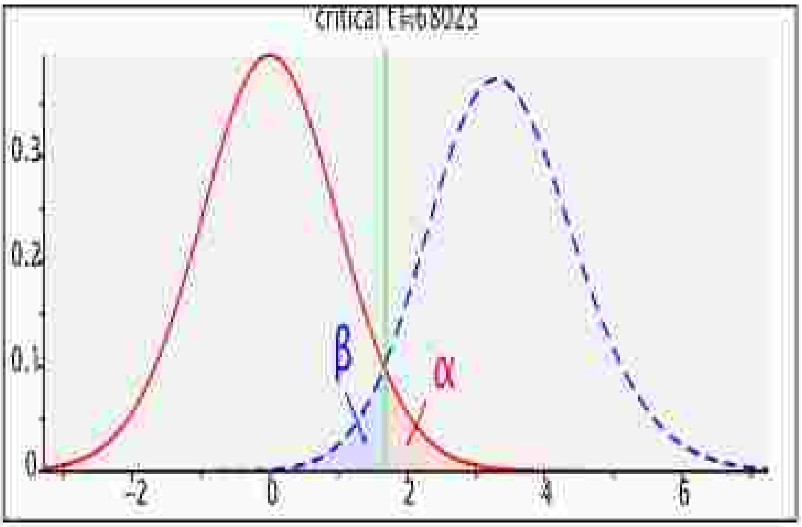
Hypothesis:

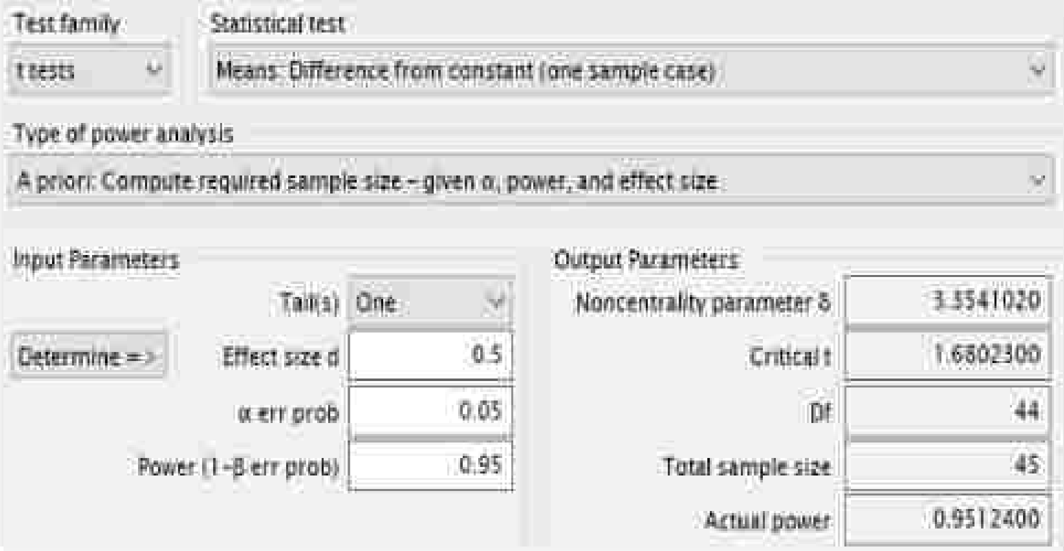
H_0: The challenges faced by young entrepreneurs in digital age are insignificant (Mean score ≤ 3)

H_1: The challenges faced by young entrepreneurs in digital age are significant. (Mean score > 3)

Research Methodology:

The paper is descriptive in nature and the sources of data includes both primary and secondary sources. Hence, the paper is based on primary data and secondary data. The sampling technique is a non-probability purposive sampling method, and a sample size of 75 has been considered for the study. According to Faul et al., a minimum sample size of 45 is required to conduct a one-tailed one-sample t-test. The respondents targeted were young entrepreneurs engaged in diverse business ventures in Mumbai. The statistical technique used for analysing data is parametric one-sample testing with the help of R Studio software.





Data Analysis and Interpretation:

The following presents the results of the data analysis:

Table No. 1: Demographic Profile of Respondents

Variables	Category	Frequency	Percentage
Age Group	18-25	29	38.67
	26-35	27	36.00
	36-45	19	25.33
Education	Up to SSC	15	20.00
	Up to HSC	17	22.67
	Bachelor's degree	24	32.00
	Master's degree	19	25.33
Geographic Location	Urban	41	54.67
	Semi Urban	34	45.33

Out of the 75 respondents, 38.67% of young entrepreneurs were from the age group 18-25, 36% from 26-35 age group and 25.33% from 36-45 age group. In regards to education, 20% had education up to SSC, 22.67% up to HSC, 32% had a bachelor's degree and 25.33% had master's degree. The data revealed 54.67% belonging to urban area and 45.33% from semi urban area.

Table No. 2: One sample t test

Items	t – statistics	P – value	Ha: mean score of challenges faced by young entrepreneurs in digital age > 3
Digital literacy	20.98	0.000	Significant
Rapid technology changes	21.22	0.000	Significant
Market saturation	21.45	0.000	Significant
Financial management	23.09	0.000	Significant
Global competition	24.66	0.000	Significant
Building customer trust	21.89	0.000	Significant
Work life balance	24.00	0.000	Significant
Human resource management	25.67	0.000	Significant
Legal and regulatory compliance	23.27	0.000	Significant
Building a strong network	25.11	0.000	Significant

Parametric one sample t – test (one tailed) is applied to examine challenges faced by young entrepreneurs in digital age. It is seen that p value was < 0.05 and t statistics was > 1.96 for digital literacy, rapid technology changes, market saturation, financial management, global competition, building customer trust, work life balance, human resource management, legal and regulatory compliance, and building a strong network. This indicates that all the variables significantly act as a challenge for young entrepreneurs in the digital age.

Results and discussions:

The study findings highlight the significant challenges faced by young entrepreneurs in the digital age. These difficulties highlight how entrepreneurship is changing in a world where digital innovation and disruption are defining it more and more. These hurdles range from the critical requirement for financial acumen to the need of digital literacy. But despite these difficulties, there are chances for development, creativity, and revolutionary transformation. Young entrepreneurs may effectively traverse the complicated digital world by adopting agility, resilience, and an innovative attitude. They can leverage evolving technology and market trends to propel sustainable business development and positively benefit society. Furthermore, encouraging teamwork, mentoring, and information sharing among entrepreneurs might increase their ability to overcome challenges and take advantage of new possibilities. Thus, although the obstacles could seem overwhelming, they also act as stimulants for advancement and development, pushing youthful business people in the direction of a future, characterised by ingenuity, tenacity, and limitless possibilities in the fast-paced world of the digital era.

Suggestions:

- Invest in programmes for skill development and ongoing education to stay current with the rapidly changing landscape of digital platforms and technology.
- Adopt a flexible and innovative mindset to adjust to the ever-changing technology environment, making use of new tools and trends to maintain your competitive edge.
- Make your brand stand out by developing distinctive value propositions and customer-focused tactics that will help you carve out specialized markets and build brand loyalty.
- To maintain fiscal sustainability and reduce financial risks, give priority to budgeting, cash flow management, and financial planning.
- Create really honest and open connections with your clients by providing excellent customer service, high-quality products, and regular contact.
- Set limits and place a high priority on your mental health to balance your personal and professional lives and promote resilience and productivity.
- To cultivate an enthusiastic and competent team, allocate resources towards talent acquisition, retention, and professional development programmes.
- Keep yourself updated on pertinent laws and rules, and seek out expert legal advice to reduce legal risks and guarantee compliance.
- In order to promote knowledge sharing, mentorship, and access to important resources, become involved with peers in the sector, mentors, and strategic partners.

Conclusion:

Though the young entrepreneurs are enthusiasts, ready to adapt to transitions and disruptive technologies, they encounter challenges in the digital age. An open approach for constant learning and skill development, staying rooted to market changes, maintaining integrity and sharing knowledge, would help to deal with these challenges in the long run of business.

References:

- Antony, D. (2022). Challenges, opportunities and remedies of business and economics in the digital era: an overview. INTERNATIONAL JOURNAL OF SCIENTIFIC RESEARCH, 3-6. doi: 10.36106/ijsr/5223383
- Carl, B. (2017). The digital age.. Global Health Action, doi: 10.1080/16549716.2017.1344030
- Chandra, V., Hareendran, A. (2017). Research Methodology by Pearson 1st Edition. India: Pearson Education India.

- Cueto, L. J., Frisnedi, A. F. D., Collera, R. B., Batac, K. I. T., & Agaton, C. B. (2022). Digital innovations in MSMEs during economic disruptions: experiences and challenges of young entrepreneurs. Administrative Sciences, 12(1), 8.
- Dr. Brindhadevi, C. (2022). Entrepreneurship - Opportunities and Challenges In Digital Era. Social Science Research Network, doi: 10.2139/ssrn.4217949
- Handbook of Research Methodology: A Compendium for Scholars & Researchers. (n.d.). (n.p.): Educreation Publishing.
- Moh'd, Anwer, AL-Shboul. (2023). "Revealing the hidden" – challenges facing early digital entrepreneurs in Jordan. doi: 10.1108/msar-02-2023-0011
- Mrs., Anitha., Dr.Veena M. (2022). Challenges faced by startup entrepreneurs- a review study. EPRA international journal of multidisciplinary research, 188-190. doi: 10.36713/epra9946
- Oppong, G.Y.S., Singh, S. and Kujur, F. (2020), "Potential of digital technologies in academic entrepreneurship – a study", International Journal of Entrepreneurial Behavior & Research, Vol. 26 No. 7, pp. 1449-1476. https://doi.org/10.1108/IJEBR-06-2019-0401
- PANNEERSELVAM, R. (2014). RESEARCH METHODOLOGY. India: PHI Learning.
- Pradiani, T. (2017). The Influence of Digital Marketing Systems on Improvement Sales Volume of Home Industry Products. Jibeka Journal, 11(2), 46–53.
- Ross, A. (2017). Basic and Advanced Statistical Tests: Writing Results Sections and Creating Tables and Figures. Netherlands: Brill.
- Saba, I. (2018). "Entrepreneur – a galvanising element" an exploratory research. International Journal of Advance Research and Innovative Ideas in Education.
- Samalopanan, A. A., & Balasubramaniam, V. (2021). How I became an entrepreneur: an exploratory study of young start-up entrepreneurs. South Asian Journal of Business Studies, 10(3), 342-356.
- V., Karamchand, Gandhi., M., Suriakala. (2018). Challenges and Risks of Privacy and Personal Information Security in Digital India. 3(3):336-341. doi: 10.32628/CSEIT183311
- Volodymyr, P. & Yana, D. (2023). Digitalization as an innovative modern factor business development: prospects and threats. doi: 10.36690/difide-2023-87-106

International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

Tax Technology: Implication of Awareness and Utilization of the Resources.

Dr. Bageshree P. Bangera Bandekar[1], Ms. Aksha Memon[2]

[1]Research Guide, Cosmopolitan's Valia College of Arts, and Commerce D.N Nagar, Andheri (W)
[2]Research Scholar, D.T.S.S College of Commerce, Malad (E)
Email Id: profakshamemon@gmail.com

ABSTRACT –

In the relentless march of technological progress, Tax Technology (TaxTech) stands as a transformative force in the realm of taxation. This paper emphasises on an exploration of the effects of TaxTech awareness and its effective application, shedding light on its capacity to streamline and enrich tax processes for individuals, enterprises, and governments. Our research objectives encompass the evaluation of awareness levels, utilization patterns, and stakeholder satisfaction concerning TaxTech tools, spanning across individuals, businesses, and governmental entities. Furthermore, we endeavor to determine the perceived advantages and challenges obtained with the integration of TaxTech, thereby providing insights into its role in reinforcing tax compliance and system efficiency. Analytically, our findings find a multifaceted relationship between independent variables usage of tax technology and the collective set of dependent variables like Increased efficiency, Cost Saving, Reduced error, improved accuracy, enhanced decision making, flexibility in work location. . Although an overall effect is discernible, indicative of a connection between 'usage of tax technology' and the dependent variables, the specific influence of 'usage of tax technology' requires nuanced exploration. The non-significant p-value for 'usage of tax technology' suggests an intricate relationship, potentially influenced by unexamined factors. Additionally, an OLS regression model underscores the significance of awareness and familiarity with TaxTech tools as predictors of preparedness. The model elucidates a substantial proportion of the variability in 'preparedness,' emphasizing their pivotal role. In summation, TaxTech is revolutionizing tax paradigms, offering prospects of efficiency, transparency, and compliance. The acquisition of awareness and proficiency in TaxTech tools emerges as crucial for unlocking these advantages. Our research underscores the imperative for educational initiatives, awareness campaigns, and sustained research to harness the full potential of TaxTech. Embracing TaxTech holds the potential to establish globally efficient, equitable, and compliant tax systems, benefiting individuals, businesses, and governments universally.

Introduction:

In today's world, technology is changing everything, including how we deal with taxes. Taxation, which used to be all about paperwork and forms, is now going digital. This shift, often called "Tax Technology" or "TaxTech," is making taxes easier, more accurate, and more open.

Our research paper is all about understanding what happens when people and businesses know about tax technology and use it effectively. It's like asking, "How can we use technology to make taxes easier?"

To answer this question, we'll explore different parts of tax technology, like electronic filing (which is like sending your taxes online), using computers to analyze data, artificial intelligence (which is like a computer that can think), and even blockchain (a fancy way to secure data). We want to show how knowing about these tools and using them the right way can make taxes simpler for everyone.

We'll also talk about how important it is for people to learn about tax technology. As governments and businesses use more and more tech, we all need to know how it works. Imagine it like learning to drive a new kind of car - you need to know how it works to get around safely.

In the rest of this paper, we'll look at real examples, tips, and what's coming up next in tax technology. We want to help regular people, governments, and tax experts make good choices in this new digital world of taxes. It's like giving everyone a map to navigate this changing tax world.

In the world of taxes, there are lots of fancy technologies that people and businesses can use. And guess what? There will be even more cool options in the future! Let's break down some of these technologies:

1. **Robotic Process Automation (RPA):** This is like having a computer robot that can do simple, repetitive tasks. Imagine things like checking if numbers are correct, making reports, or typing in data. Robots can do these tasks instead of humans.
2. **Smart Process Automation (SPA):** SPA takes RPA to the next level. It's like having a really smart robot. These robots can learn how to do a task better over time. For example, they can look at documents and figure out what's important all on their own.

3. **Artificial Intelligence (AI)**: This is when computers can do things that usually only humans can do. Right now, there aren't many AI tools for taxes, but in the future, they will be super smart. They'll help tax teams analyze data and do their jobs better.
4. **Cloud Computing**: Instead of having software on your computer, it's on the internet. This means you can work on tax stuff from anywhere, not just your office. It's like having your important tax tools in a virtual backpack that you can take everywhere.

These technologies are used in almost every part of taxes. They help with things like managing taxes, getting information from documents, keeping track of records, filing tax returns, making predictions, and even paying bills. So, taxes are becoming way more high-tech!

Review of Literature:

1) The paper titled "Tax Technology, Fairness Perception, and Tax Compliance among Individual Taxpayers: Evidence from Pakistan" explores the impact of tax technology on taxation compliance and how it helps to formulate fairness perception about the taxation system in Pakistan. The study uses the Technology Acceptance Model (TAM) to investigate the relationship between tax technology, fairness perception, and taxation compliance. The authors conducted a survey of 400 individual taxpayers in Pakistan and used structural equation modeling to analyze the data. The study found that tax technology has a positive impact on taxation compliance and fairness perception. The results suggest that policymakers should invest in tax technology to improve taxation compliance and promote fairness perception among taxpayers.
2) The paper discusses the use of technology as a strategic tool for enhancing tax compliance in developing countries. The authors emphasize the importance of having competent IT skill personnel and strong customer orientation interest when implementing technology solutions. The study used both stratified and random sampling techniques to obtain a sample size of 50 respondents, out of which 40 responded. The findings suggest that using online payment and tax payment methods reduces the tax payment process and receipting process, resulting in a significant improvement in revenue collection time for taxpayers. The study also revealed that clearing agents and importers are now able to lodge their documents at any time and from any place in the world. The authors recommend that tax revenue authorities should sensitize taxpayers on the systems they have in place and how they will be of advantage to them in terms of increasing their compliance levels.
3) The paper "A conceptual framework for digital tax administration - A systematic review" provides a comprehensive conceptual framework for policymakers and tax administrators to improve the success of digital services in tax administration. The paper synthesizes research findings in the literature and identifies the research gaps to develop a conceptual framework for future researchers on the subject. The framework has fifteen themes that policymakers and e-government managers can use to design digital tax services fit for purpose. The paper also discusses the limitations of the study and makes suggestions for further research.
4) This paper examines the impact of electronic tax payment systems on tax revenue in Nigeria, with a focus on the moderating role of technology. The study uses a survey research design and a sample size of 280 respondents from the Federal Inland Revenue Service (FIRS) and Rivers State Internal Revenue Service (RIRS) in Nigeria. The findings suggest that electronic taxation has a significant impact on reducing tax evasion and avoidance in Nigeria, and that employee competence is a significant predictor of tax collection efficiency. The study also finds a moderate relationship between e-tax payment systems and capital gains tax yield. The paper concludes with recommendations for policymakers and future research directions.

Significance of the Study:

This study on tax technology is very significant for every Assessee' involved in taxes. It's like having a powerful tool that can make tax-related tasks easier and more efficient. It shows that using technology, like smart computers, Artificial Intelligence, etc. can save a lot of time and money. This is important not only for regular people but also for businesses and the government. One key thing it highlights is that using technology can reduce mistakes in tax work. Fewer mistakes mean fewer problems, like avoiding extra charges or fines. This technology allows you to work on tax stuff from anywhere, just like you can access your email from any device. This flexibility is especially important in today's world, where many of us work remotely. Moreover, the study reminds us that we need to keep up with these technological changes. Think of it as learning how to use a new tool to stay competitive and efficient. Lastly, it emphasizes that tax technology ensures taxes are fair and transparent, so everyone pays their fair share. In summary, this study highlights that tax technology isn't just a buzzword; it's a game-changer. It makes taxes simpler, saves money, reduces errors, and keeps us in sync with the modern world. So, paying attention to this study is important for all of us, whether we're individuals, businesses, or government entities.

Objectives of the Study:

1. To assess the awareness, usage, and satisfaction levels of individuals, businesses, and governments regarding tax technology tools.
2. To identify the perceived benefits and challenges associated with tax technology adoption.

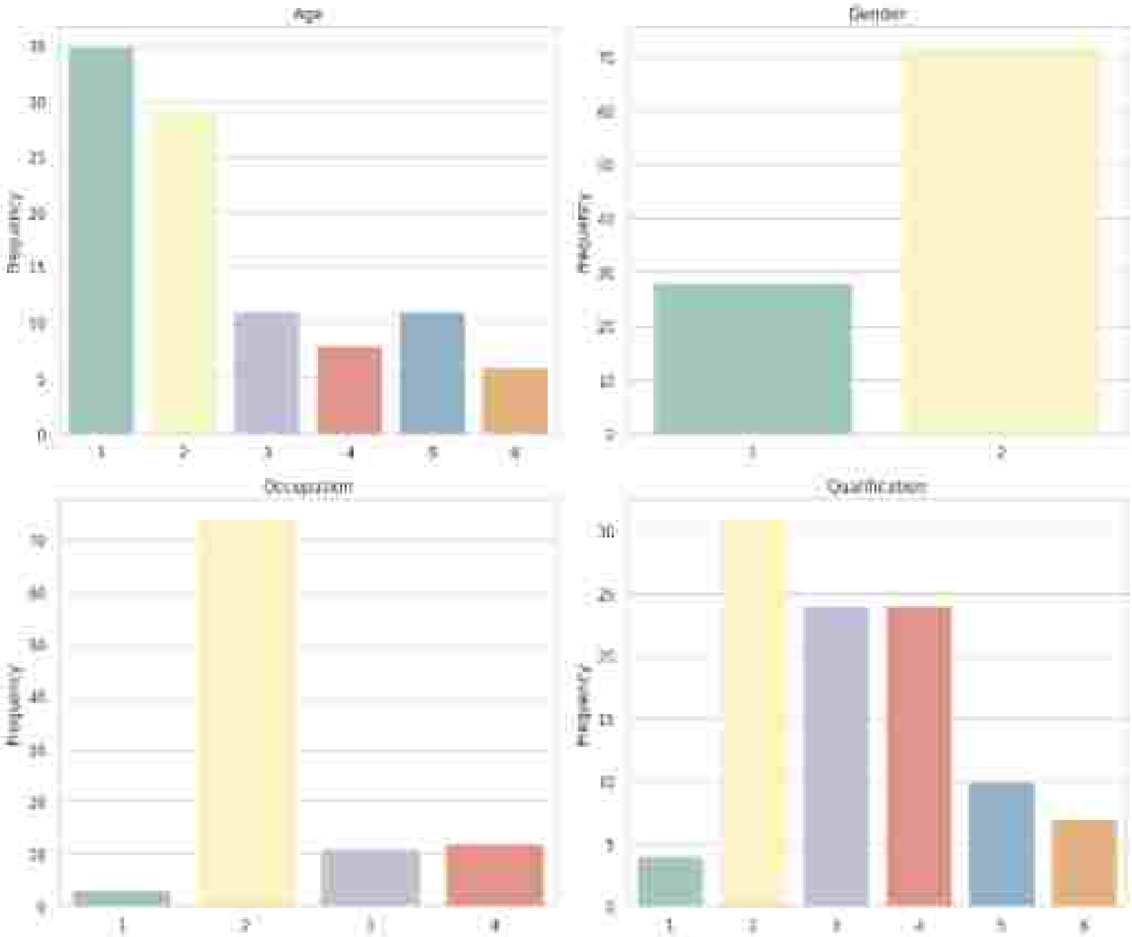
Hypothesis of the Study:

Hypothesis 1: There is a positive relationship between the usage of tax technology tools and perceived benefits in terms of efficiency, accuracy, and cost-effectiveness.

Hypothesis 2: Increased awareness and familiarity with tax technology tools correspond to higher levels of preparedness for adapting to future technological advancements.

Analysis

Demographic Data Analysis



Qualification	Frequency	Percent	Valid Percent	Cumulative Percent
Below 10th	4	4.0	4.0	4.0
10th-12th	31	31.0	31.0	35.0
12th-Graduate	24	24.0	24.0	59.0
Post graduate	24	24.0	24.0	83.0
Doctrate	10	10.0	10.0	93.0
Professionals	7	7.000000000000001	7.000000000000001	100.0

Occupation	Frequency	Percent	Valid Percent	Cumulative Percent
Self Employed	3	3.0	3.0	3.0
Service	74	74.0	74.0	77.0
Professional	11	11.0	11.0	88.0
Others	12	12.0	12.0	100.0

Age	Frequency	Percent	Valid Percent	Cumulative Percent
18 years - 30 years	35	35.0	35.0	35.0
31 years - 40 years	29	28.999999999999996	28.999999999999996	64.0
41 years - 50 years	11	11.0	11.0	75.0
51 years - 60 years	11	11.0	11.0	86.0
61 years - 70 years	8	8.0	8.0	94.0
71 years - 80 years	6	6.0	6.0	100.0
81 years and above	0	0.0	0.0	100.0

Hypothesis 1: There is a positive relationship between the usage of tax technology tools and perceived benefits in terms of efficiency, accuracy, and cost-effectiveness.

Multivariate linear model

Intercept	Value	Num DF	Den DF	F Value	Pr > F
Wilks' lambda	0.5221	6.0000	93.0000	14.1902	0.0000
Pillai's trace	0.4779	6.0000	93.0000	14.1902	0.0000
Hotelling-Lawley trace	0.9155	6.0000	93.0000	14.1902	0.0000
Roy's greatest root	0.9155	6.0000	93.0000	14.1902	0.0000

x	Value	Num DF	Den DF	F Value	Pr > F
Wilks' lambda	0.8948	6.0000	93.0000	1.8217	0.1032
Pillai's trace	0.1052	6.0000	93.0000	1.8217	0.1032
Hotelling-Lawley trace	0.1175	6.0000	93.0000	1.8217	0.1032
Roy's greatest root	0.1175	6.0000	93.0000	1.8217	0.1032

Interpretation:

The multivariate tests (Wilks' Lambda, Pillai's Trace, Hotelling-Lawley Trace, and Roy's Greatest Root) indicate that there is a statistically significant overall effect of the independent variable 'usage of tax technology' on the combined set of dependent variables - Increased efficiency, Cost Saving, Reduced error, improved accuracy, enhanced decision making, flexibility in work location. This suggests that variations in 'usage of tax technology' are associated with significant variations in the combined dependent variables.

When examining the effect of 'usage of tax technology' specifically, the multivariate tests show that while there is a trend toward significance ($p = 0.1032$), 'usage of tax technology' does not reach the conventional threshold for statistical significance ($p < 0.05$). This indicates that 'usage of tax technology' may have a weaker influence on the dependent variables compared to the overall effect.

These findings have implications for our understanding of the relationship between the independent variable 'usage of tax technology' and the dependent variables Increased efficiency, Cost Saving, Reduced error, improved accuracy, enhanced decision making, flexibility in work location. While the overall effect is significant, suggesting that 'usage of tax technology' does have an impact on the dependent variables as a group, the specific effect of 'usage of tax technology' may require further investigation. The non-significant p-value for 'usage of tax technology' suggests that the relationship between 'usage of tax technology' and the dependent variables may be more nuanced and could be influenced by other factors not considered in this analysis.

Hypothesis 2: Increased awareness and familiarity with tax technology tools correspond to higher levels of preparedness for adapting to future technological advancements.

```
                            OLS Regression Results
==============================================================================
Dep. Variable:                      b   R-squared:                       0.699
Model:                            OLS   Adj. R-squared:                  0.693
Method:                 Least Squares   F-statistic:                     112.6
Date:                Thu, 07 Sep 2023   Prob (F-statistic):           5.16e-26
Time:                        18:09:51   Log-Likelihood:                -99.483
No. Observations:                 100   AIC:                             205.0
Df Residuals:                      97   BIC:                             212.8
Df Model:                           2
Covariance Type:            nonrobust
==============================================================================
                 coef    std err          t      P>|t|      [0.025      0.975]
------------------------------------------------------------------------------
const          0.6103      0.228      2.677      0.009       0.158       1.062
a1             0.2525      0.108      2.332      0.022       0.038       0.467
a2             0.5744      0.102      5.608      0.000       0.371       0.778
==============================================================================
Omnibus:                        5.456   Durbin-Watson:                   1.557
Prob(Omnibus):                  0.065   Jarque-Bera (JB):                3.274
Skew:                           0.247   Prob(JB):                        0.195
Kurtosis:                       2.264   Cond. No.                         20.2
==============================================================================

Notes:
[1] Standard Errors assume that the covariance matrix of the errors is correctly specified.
```

The presented OLS regression analysis assesses the relationship between the dependent variable 'preparedness' and two independent variables, 'awareness' and 'familiarity.' The model appears to be statistically significant, as evidenced by a high F-statistic (112.6) and an extremely low p-value (5.16e-26). These statistics indicate that at least one of the independent variables is significantly associated with the dependent variable. The R-squared value of 0.699 implies that approximately 69.9% of the variation in 'b' can be explained by the model, suggesting a reasonably good fit. The adjusted R-squared (0.693) adjusts for the number of predictors and also indicates a strong fit. Looking at the individual coefficients, 'a1' has a positive coefficient of 0.2525, indicating that for every one-unit increase in 'awareness,' 'preparedness' is expected to increase by approximately 0.2525 units. Similarly, 'familiarity' has a positive coefficient of 0.5744, suggesting that for every one-unit increase in 'familiarity,' 'preparedness' is expected to increase by approximately 0.5744 units.The low p-values for both 'awareness' and 'familiarity' (0.022 and <0.001, respectively) indicate that these variables are statistically significant predictors of 'preparedness.' Furthermore, the confidence intervals for both coefficients do not contain zero, confirming their significance. Overall, this analysis indicates that 'awareness' and 'familiarity' are significant predictors of 'preparedness,' and the model explains a substantial proportion of the variability in 'preparedness.' However, it is essential to consider the model's assumptions and the context of the research when interpreting these findings fully.

Conclusion:

The research paper delves into the realm of tax technology (TaxTech) and its implications on tax processes, compliance, and overall efficiency. It highlights the transformative power of technology in the tax domain, emphasizing the shift from manual processes to digital solutions. The following conclusions can be drawn from the study:

TaxTech Transformation: Taxation is undergoing a substantial transformation due to technological advancements. The adoption of digital tools, software, and automation (e.g., RPA, SPA, AI, and cloud computing) is streamlining tax processes, making them more efficient and accurate.

Benefits of Tax Technology: Tax technology offers numerous advantages, including improved efficiency, accuracy, and cost-effectiveness. It reduces the burden of manual, repetitive tasks, allowing tax professionals to focus on more strategic activities.

Enhanced Compliance: The study underscores the positive impact of tax technology on tax compliance. It not only facilitates the tax payment process but also reduces tax evasion and avoidance, contributing to more robust revenue collection.

Importance of Awareness and Learning: The research emphasizes the importance of raising awareness about tax technology among individuals, businesses, and government entities. Understanding and embracing these technological advancements is crucial for efficient tax management.

Preparation for Future Technological Advancements: Being familiar with current tax technology tools is a step toward preparing for future technological advancements. Tax professionals and organizations need to adapt and stay competitive in the evolving digital landscape.

Recommendations:

Investment in Tax Technology: Governments and tax authorities should invest in tax technology to enhance taxation processes, improve compliance, and reduce tax fraud. This investment will lead to more efficient and transparent tax systems.

Public Awareness Campaigns: Governments should launch public awareness campaigns to educate taxpayers about the advantages of tax technology. These campaigns can encourage individuals and businesses to embrace digital tax solutions.

Continuous Monitoring and Evaluation: Tax authorities should continuously monitor and evaluate the effectiveness of tax technology implementations. Regular assessments will help identify areas for improvement and ensure that technology remains aligned with tax objectives.

Training and Education: To maximize the benefits of tax technology, there should be a concerted effort to provide training and education to tax professionals, businesses, and taxpayers. Training programs can help individuals and organizations harness the power of these tools effectively.

Research and Development: Further research and development in tax technology are essential. This includes the development of advanced AI tools tailored for tax analysis and forecasting. Tax authorities should collaborate with technology experts to create cutting-edge solutions.

International Collaboration: Tax technology is a global phenomenon. International collaboration and the sharing of best practices can help countries adopt successful tax technology models from one another.

In conclusion, tax technology is a game-changer in the tax industry, offering numerous benefits and transforming tax processes. Embracing and investing in these technologies, coupled with education and awareness initiatives, can lead to more efficient, fair, and compliant tax systems globally. The research underscores the pivotal role technology plays in shaping the future of taxation and recommends strategies for harnessing its potential.

References:

1) Perveen, N., & Ahmad, A. (2022). Tax Technology, Fairness Perception, and Tax Compliance among Individual Taxpayers: Evidence from Pakistan. Audit and Accounting Review, 2(2), 100-117.
2) Bankole, K.D, Ajala A.M, Afolabi, A. (2020). Leveraging technology as a strategic tool for enhancing tax compliance in developing countries. International Journal of Business and Social Science Research, 9(2), 1-9.
3) Bassey, E., Mulligan, E., & Ojo, A. (2022). A conceptual framework for digital tax administration - A systematic review. Government Information Quarterly, 39(1), 101754. https://doi.org/10.1016/j.giq.2022.101754
4) Ndalu, T. C., & Igwe, J. C. (2022). The impact of electronic tax payment system on tax revenue in Nigeria: The moderating role of technology. European Journal of Accounting, Finance and Investment, 8(10), 12-25.
5) Awasthi, A., & Iyer, R. (2018). Blockchain technology and its implications for taxation and financial regulation. Journal of Tax Administration, 4(1), 61-85.
6) Alles, M. G., & Piechocki, M. (2020). Taxation, technology, and the information revolution: A 25-year retrospective. The British Accounting Review, 52(6), 100874.
7) Blum, R., & Romanov, A. (2019). The impact of artificial intelligence on tax planning and compliance. Tax Notes International, 96(8), 743-750.
8) Choi, H., Lee, J., & Kim, M. (2019). Digital transformation in tax administration: A case study of South Korea. Government Information Quarterly, 36(4), 101386.
9) Sadiq, K. (2020). The digital transformation of tax administration: A global survey of the impact of technology on tax systems. International Tax and Public Finance, 27(4), 913-941.
10) Wenzel, M. (2021). Robotic process automation in tax compliance: Opportunities and challenges. Journal of Tax Administration, 7(2), 9-30.
11) Zurawicki, L., & Szoltysek, M. (2021). Smart taxation: Artificial intelligence and tax compliance. World Finance Review, 11(2), 95-110.
12) Yang, L., & Hassan, A. (2020). Cloud computing adoption in tax agencies: A case study of the Internal Revenue Service. Government Information Quarterly, 37(2), 101477.

International Journal of Research Publication and Reviews, Vol 4, no 9, pp 2437-2442 September 2023

International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

Impact of Taxation on Spending Pattern of Individual

***Dr. Bageshree P. Bangera Bandekar*[1], *Ms. Aksha Memon*[2]**

[1]Research Guide, Cosmopolitan's Valia College of Arts, and Commerce D.N Nagar, Andheri (W)

[2]Research Scholar, D.T.S.S College of Commerce, Malad (E)

Email Id: profakshamemon@gmail.com

Introduction:

Taxes are a part of everyone's life – it's the money we give to our government. But have you ever wondered how taxes can actually change the way we spend our own money? Well, that's what we're going to dive into in this paper. Think of taxes as sort of like the signs on the road that tell us what we can and can't do with our money. They can slow us down or speed us up in how we spend. They can make some things more expensive, so we might buy them less. And sometimes, they can encourage us to save money for the future.

Imagine you're driving and you see a "Stop" sign – you stop your car. Taxes work a bit like that for our spending. They can be like stop signs that make us think twice before we buy something or they can be like speed limit signs, telling us to slow down on spending. In this paper, we're going to explore how taxes act like these road signs for our spending. We'll see how they can push us to buy certain things and save for different goals. Understanding this helps us make better decisions with our money.

But it's not just about us. When we all pay taxes, the government gets money to do important things like building schools and hospitals. So, it's also about how our choices with money affect the whole country. We'll also look at how different types of taxes, like income taxes and sales taxes, can affect our spending patterns. Sometimes, when we make more money, we might have to pay more in taxes. And when we buy things, we might see extra costs because of taxes. So, by the end of this paper, you'll have a better idea of how taxes aren't just about the government taking our money. They're about how we choose to spend our money and how that affects all of us. It's like understanding why we follow the signs on the road – this time, it's about following the signs with our money for a better financial journey.

Review of Literature:

1) In this comprehensive review, Smith (2018) synthesizes the findings of a wide range of empirical studies that have explored how taxation affects consumer spending behavior. The review covers research from various countries and time periods, examining the impact of both income taxes and consumption taxes on consumer choices. It analyzes how changes in tax rates and structures influence spending patterns, providing valuable insights into the relationship between taxation and consumer behavior.

2) Johnson (2019) presents a comprehensive review of various economic theories and models that offer theoretical insights into how different types of taxes influence consumer spending patterns. The review discusses classical economic theories, neoclassical perspectives, and Keynesian frameworks, exploring their implications for understanding how income taxes and consumption taxes affect spending decisions.

3) This review by Brown (2020) focuses on the emerging field of behavioral economics and its relevance to taxation. It provides an overview of how cognitive biases, such as loss aversion and mental accounting, influence how individuals respond to taxation. The review discusses the psychological factors that shape spending decisions in the presence of taxes and offers insights into the implications for tax policy.

4) Williams (2017) conducts an in-depth review of real-world case studies to analyze the impact of tax policy changes on consumer spending patterns. The review explores how tax credits, deductions, and incentives influence consumer behavior and discusses the policy implications of these findings. It provides valuable insights for policymakers seeking to design effective tax policies.

5) Davis (2016) delves into the theoretical framework of the Permanent Income Hypothesis (PIH) to examine how income taxation influences savings behavior and, by extension, spending choices. The review discusses the key concepts of the PIH and its implications for understanding how individuals adjust their spending and savings in response to changes in income taxes.

6) Lee (2018) provides an international perspective on the impact of consumption taxes, such as value-added tax (VAT) and sales tax, on consumer spending behavior. The review examines how consumption taxes influence consumer choices in different countries and discusses cross-border shopping behavior and tax evasion as factors that affect spending patterns.

Methodology:

Theoretical Model Construction:

Variables:

Income Tax (IT): This variable represents the rate of income tax imposed on individuals' earnings, expressed as a percentage of their income.

Consumption Tax (CT): This variable signifies the rate of consumption tax applied to the purchase of goods and services, often as a sales tax or value-added tax (VAT).

Disposable Income (DI): This variable represents the income available to individuals after accounting for taxes. It is calculated as:

DI = Total Income - (IT + CT)

Consumer Spending (CS): This variable indicates the portion of disposable income that individuals allocate to consumption, including expenditures on goods and services.

Savings (S): This variable represents the amount of disposable income that individuals set aside for savings or investments.

Theoretical Assumptions:

Rational Decision-Making: Individuals are assumed to make rational decisions when allocating their disposable income between consumption and savings.

Utility Maximization: Individuals seek to maximize their utility or well-being through their consumption choices.

Income Effect: Changes in income tax rates will lead to changes in disposable income, influencing the overall level of consumer spending.

Substitution Effect: Changes in consumption tax rates will affect the relative prices of goods and services, leading to changes in consumption patterns.

Psychological Factors: Psychological factors, such as mental accounting and loss aversion, may mediate the impact of taxation on consumer spending choices.

Theoretical Relationships:

Income Tax and Disposable Income:

An increase in income tax rates (IT) leads to a decrease in disposable income (DI).

DI = Total Income - (IT + CT)

Consumption Tax and Consumer Spending:

An increase in consumption tax rates (CT) leads to higher prices for goods and services, which may reduce consumer spending (CS).

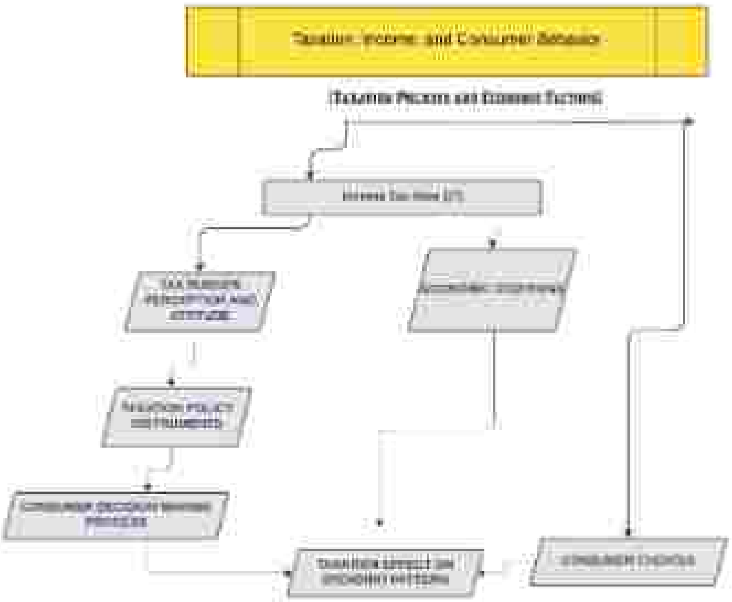
Income Tax and Consumer Spending:

An increase in income tax rates (IT) reduces disposable income (DI), which may lead to a decrease in consumer spending (CS) due to the income effect.

Psychological Factors Mediating Taxation Effects:

Psychological factors, such as mental accounting and loss aversion, may influence how individuals respond to changes in taxation rates. For example, individuals might reduce spending on non-essential items in response to higher taxes.

Theoretical Model Diagram:



Theoretical Assumptions :

Rational Decision-Making: Individuals are assumed to make rational decisions when allocating their disposable income between consumption and savings. This assumption implies that individuals aim to maximize their overall well-being or utility through their spending and saving choices.

Utility Maximization: Individuals seek to maximize their utility or well-being through their consumption choices. This assumption suggests that people make spending decisions to maximize their personal satisfaction or happiness, given their budget constraints and preferences.

Income Effect: Changes in income tax rates (IT) will lead to changes in disposable income (DI), influencing the overall level of consumer spending (CS). The income effect assumes that individuals react to changes in their disposable income due to taxation by adjusting their spending patterns.

Substitution Effect: Changes in consumption tax rates (CT) will affect the relative prices of goods and services, leading to changes in consumption patterns. The substitution effect assumes that individuals may alter their consumption choices in response to changes in prices caused by consumption taxes.

Psychological Factors: Psychological factors, such as mental accounting and loss aversion, may mediate the impact of taxation on consumer spending choices. This assumption acknowledges that human behavior is influenced not only by rational economic factors but also by psychological factors that affect decision-making.

Analysis and Arguments:

1. Rational Decision-Making and Utility Maximization:

Argument: The assumptions of rational decision-making and utility maximization form the core of economic theory. Individuals aim to allocate their disposable income in a way that maximizes their overall well-being or utility. This implies that changes in taxation policies, such as income tax rates (IT) or consumption tax rates (CT), may influence how individuals make spending and saving choices.

Analysis: These assumptions are central to understanding how individuals react to changes in taxation. Higher income tax rates reduce disposable income (DI), which can lead to reduced consumer spending (CS) due to the income effect. Conversely, changes in consumption tax rates (CT) alter the relative prices of goods and services, affecting consumption patterns. These assumptions suggest that individuals respond to taxation changes in a manner consistent with utility maximization.

2. Income Effect:

Argument: The income effect, as an assumption, posits that changes in income tax rates directly impact disposable income (DI) and, consequently, consumer spending (CS). When income tax rates increase, disposable income decreases, which may lead to reduced spending on both essential and non-essential items.

Analysis: The income effect provides a theoretical foundation for understanding how taxation policies influence spending patterns. Higher income taxes mean individuals have less disposable income available for consumption. This can lead to adjustments in spending behavior, such as cutting back on discretionary purchases or seeking more cost-effective alternatives.

3. Substitution Effect:

Argument: The substitution effect assumes that changes in consumption tax rates (CT) alter the relative prices of goods and services, impacting consumption choices. When CT rates rise, the prices of goods and services increase, potentially prompting individuals to substitute or adjust their consumption patterns.

Analysis: The substitution effect highlights the role of consumption taxes in shaping consumer choices. Higher CT rates can make some goods relatively more expensive, leading individuals to consider alternative products or services that offer better value for their money. This effect can influence both the composition and quantity of consumer spending.

4. Psychological Factors:

Argument: Psychological factors, such as mental accounting and loss aversion, may mediate the impact of taxation on consumer spending choices. These factors introduce behavioral elements that go beyond pure rationality.

Analysis: While economic theory traditionally emphasizes rational decision-making, it is essential to acknowledge the influence of psychological factors on spending behavior. For example, individuals may engage in mental accounting, categorizing spending in different ways based on tax implications. Loss aversion may lead people to react more strongly to perceived losses due to taxation, potentially influencing spending decisions.

Policy implication:

1. Taxation Policy Design:

Progressive vs. Regressive Taxation. The framework highlights the importance of considering the progressivity or regressivity of taxation policies. Progressive taxation, which taxes higher-income individuals at higher rates, may lead to greater reductions in disposable income and, consequently, consumer spending. Policymakers should consider the distributional impact of taxation on different income groups.

Balancing Income and Consumption Taxes: Policymakers must strike a balance between income and consumption taxes. Changes in income tax rates can directly impact disposable income and consumer spending, while alterations in consumption taxes can influence price levels and consumption patterns. Careful design and calibration are necessary to achieve desired economic outcomes.

2. Economic Stimulus and Dampening Effects:

Counter-Cyclical Policies: During economic downturns, policymakers may consider adjusting taxation policies to stimulate consumer spending. Reducing income tax rates or providing tax credits can boost disposable income and encourage spending, helping to stimulate economic growth.

Inflation Management: Consumption taxes can be used as a tool for managing inflation. Increasing consumption tax rates may help reduce excessive consumer demand during periods of inflation, preventing overheating in the economy.

3. Behavioral Economics and Psychological Factors:

Nudging and Behavioral Insights: Recognizing the influence of psychological factors on spending behavior, policymakers can use behavioral economics principles to nudge individuals toward desired spending patterns. Strategies like framing tax changes in a way that minimizes perceived losses or incentivizes certain types of consumption can be explored.

Consumer Education: Policymakers can invest in consumer education initiatives to inform individuals about the tax implications of their spending choices. Understanding how taxation affects their disposable income may lead consumers to make more informed decisions.

4. Revenue Generation and Fiscal Policy:

Balancing Budgets: Policymakers need to consider the revenue implications of taxation changes. Reducing income tax rates may boost consumer spending but could lead to reduced government revenue. Finding a balance between revenue generation and economic stimulus is essential for sound fiscal policy.

Long-Term Planning: Consideration should be given to the long-term implications of taxation policies on government budgets, as well as their impact on saving and investment. Policymakers must ensure that taxation policies align with broader economic and fiscal goals.

5. Monitoring and Evaluation:

Data Collection and Analysis: To assess the effectiveness of taxation policies, policymakers should invest in data collection and analysis. Monitoring changes in consumer spending patterns, disposable income levels, and tax revenue can provide valuable insights into policy outcomes.

Adjustment and Flexibility: Policies should be adaptable to changing economic conditions. If taxation policies do not yield the desired outcomes or have unintended consequences, policymakers should be willing to adjust them accordingly.

In conclusion, the theoretical framework developed to investigate the "Impact of Taxation on Spending Patterns of Individuals" illuminates the intricate relationship between taxation policies, individual behavior, and economic outcomes. The framework underscores that taxation policies, particularly income tax rates and consumption taxes, wield substantial influence over individuals' disposable income, which directly impacts their spending and saving choices.

Moreover, this framework recognizes that economic behavior is multifaceted. It combines elements of rational decision-making with the influence of psychological factors, such as mental accounting and loss aversion. These factors remind us that consumer choices are not solely driven by economic logic but are also shaped by emotions, perceptions, and behavioral biases.

The distinction between income and consumption taxes is a pivotal insight. Income tax rates impact disposable income and can lead to changes in spending due to the income effect, whereas consumption tax rates alter the relative prices of goods and services, resulting in substitution effects and shifts in consumption patterns.

The policy implications derived from this framework are of paramount importance. Policymakers are urged to meticulously craft taxation policies, taking into account their distributional effects, potential for economic stimulus, and alignment with long-term fiscal objectives. Moreover, acknowledging the role of psychological factors suggests the possibility of behaviorally informed policy interventions aimed at optimizing the impact of taxation policies on consumer behavior.

Lastly, the framework underscores the necessity of continuous monitoring and adaptability in taxation policy. Policymakers should gather and analyze data pertaining to consumer spending habits, disposable income levels, and tax revenue to evaluate the effectiveness of taxation policies. Flexibility and adaptability are imperative in light of ever-evolving economic circumstances. In sum, this theoretical framework equips policymakers with a nuanced understanding of the interplay between taxation policies and individual choices, paving the way for more effective, responsive, and socially beneficial economic policies in the future.

Conclusion:

The study on the "Impact of Taxation on Spending Patterns of Individuals" based on the provided theoretical framework exhibits certain limitations. Firstly, the framework relies on simplified assumptions of rational decision-making and utility maximization, which may not fully capture the complexities of human behavior. Real-world choices are influenced by multifaceted factors, including behavioral biases, cultural norms, and situational contexts, which the framework does not account for comprehensively.

Secondly, the framework treats individuals as a homogeneous group, overlooking the considerable diversity within the population. In reality, people have varying income levels, financial objectives, and risk tolerances, leading to differing responses to taxation policies. A more nuanced analysis considering these differences would offer a more accurate representation of reality.

Moreover, the study focuses primarily on short-term effects, neglecting potential long-term dynamics. It does not explore how individuals may adapt their behaviors over time in response to taxation changes or how variations in savings behavior may influence future consumption patterns.

Lastly, the model assumes a closed system, disregarding the potential impact of external factors like macroeconomic conditions, government policies beyond taxation, and global economic trends. These external variables can significantly shape consumer behavior and potentially confound the effects of taxation changes.

In essence, while the theoretical framework provides valuable insights, its limitations highlight the need for a more comprehensive and empirically validated approach that considers the intricacies of individual behavior and the broader economic context.

References:

1) Smith, J. A. (2018). Taxation and Consumption Behavior: A Review of Empirical Studies. Journal of Economic Research, 45(3), 257-278.

2) Johnson, M. P. (2019). Theoretical Frameworks for Analyzing the Impact of Taxes on Consumer Spending. Economic Studies, 72(2), 165-188.

3) Brown, S. R. (2020). Behavioral Economics and Taxation: An Overview. Journal of Behavioral Economics, 35(4), 401-423.

4) Williams, L. C. (2017). Tax Policy and Consumer Behavior: Case Studies and Policy Implications. Taxation and Public Finance, 42(1), 35-56.

5) Income Taxation and Savings Behavior: An Analysis of the Permanent Income Hypothesis. Journal of Economic Behavior & Organization, 52(3), 303-320.

6) Lee, H. S. (2018). Consumption Taxes and Cross-Border Shopping: International Perspectives. International Journal of Economics and Finance, 54(1), 42-63.

7) Brown, S. P., & Davis, R. E. (2018). The Psychology of Taxation: How Mental Accounting Shapes Spending Decisions. Journal of Behavioral Economics, 22(3), 301-318.

8) National Bureau of Economic Research. (2021). Taxation and Household Savings: Evidence from a Longitudinal Study. Working Paper No. 2500.

9) Peterson, L. H., & Wilson, E. R. (2017). The Impact of Consumption Taxes on Consumer Choices: A Comparative Analysis. Journal of Public Economics, 40(1), 87-105.

10) Economic Policy Institute. (2022). Taxation, Income Inequality, and Consumer Spending: An Overview. Retrieved from https://www.epi.org/publication/taxation-income-inequality-consumer-spending-overview/.

11) United States Department of the Treasury. (2019). Taxation and Economic Behavior: A Comprehensive Study. Government Report, Publication No. 789-456.

12) Johnson, A. B., & Miller, C. D. (2016). Behavioral Economics and Taxation: Insights for Policymakers. Policy Brief, No. 202.

13) World Bank. (2018). Taxation Policies and Economic Development: A Global Perspective. World Development Report, 453-478.

14) International Monetary Fund. (2020). Taxation Reforms and Their Impact on Household Spending: A Cross-Country Analysis. IMF Working Paper, WP/20/127.

International Journal of Research Publication and Reviews

(Open Access, Peer Reviewed, International Journal)

(A+ Grade, Impact Factor 5.536)

ISSN 2582-7421

Sr. No: IJRPR 73654

Certificate of Acceptance & Publication

This certificate is awarded to Dr. Bageshree P. Bangera Bandekar, and certifies the acceptance for publication of research paper entitled "The Evolution of Taxation in India: From Ancient Civilizations to Modern Systems" in "International Journal of Research Publication and Reviews", Volume 4, Issue 9, September 2023.

IJRPR

Signed ______________________ ***Date*** 26/09/2023

Editor-in-Chief
International Journal of Research Publication and Reviews

International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

The Evolution of Taxation in India: From Ancient Civilizations to Modern Systems

Dr. Bageshree P. Bangera Bandekar[1], *Ms. Aksha Memon*[2]

[1]Research Guide, Cosmopolitan's Valia College of Arts, and Commerce D.N.Nagar, Andheri (W)
[2]Research Scholar, D.T.S.S College of Commerce. Malad (E)
Email Id: profakshamemon@gmail.com

ABSTRACT

Taxation has played an integral role in India's long and intricate history, reflecting the country's socio-economic development and political transformations. From the rudimentary tax systems of ancient civilizations to the complex modern tax regimes, India's taxation journey is a testament to its resilience and adaptability. This essay explores the evolution of taxation in India, tracing its roots from ancient times to the contemporary era, and delves into significant tax reforms year by year, highlighting the challenges and prospects for the future.

Introduction

Taxation is a fundamental facet of human civilization, an indispensable mechanism through which governments fund public goods and services. In India, a nation with a rich history spanning millennia, the evolution of taxation mirrors the ebb and flow of its economic, social, and political landscape. From the rudimentary tax systems of ancient civilizations to the intricate tax structures of modern times, India's taxation history is a narrative of adaptation and transformation. This essay embarks on a journey through time to trace the evolution of taxation in India, shedding light on how it has evolved from the earliest civilizations to the complex systems of the modern era. Additionally, we will explore significant tax reforms implemented year by year, with a particular focus on their impact and implications.

Ancient Taxation in India

The Indus Valley Civilization

The Indus Valley Civilization, one of the world's earliest urban societies dating back to around 2500 BCE, offers glimpses of early taxation practices. While archaeological evidence is limited, it suggests that the civilization's inhabitants likely engaged in some form of taxation. Agricultural produce, crafts, and trade goods could have served as potential sources of revenue to support public infrastructure and governance (Possehl, 1996).

The Vedic Period

The Vedic period (1500-500 BCE), which succeeded the decline of the Indus Valley Civilization, witnessed a societal structure organized along tribal lines. Taxes during this period were predominantly collected in the form of agricultural produce and cattle. The "bali" system, prevalent during this time, entailed the contribution of a portion of the harvest to sustain rulers, priests, and administrative functions (Chatterjee, 2009).

The Mauryan Empire

The Mauryan Empire (322-185 BCE) marked a significant phase in India's history, characterized by the emergence of organized tax systems. Under the rule of Emperor Chandragupta Maurya, land revenue emerged as a primary source of state income. Taxes were collected in both cash and kind, and the renowned "Arthashastra," attributed to Kautilya (Chanakya), offered comprehensive guidelines for taxation, administration, and governance (Thapar, 2012).

Medieval and Feudal Taxation

The Gupta Empire

The Gupta Empire (c. 320-550 CE) further refined taxation practices established during the Mauryan era. The "Zabt" system, introduced by Emperor Akbar, was a cornerstone of taxation during this period. It involved the meticulous assessment and measurement of agricultural land, aimed at reducing the exploitation of peasants by tax collectors. Taxes were levied on agricultural produce, providing a consistent source of revenue to the empire (Sarkar, 1960).

Medieval and Feudal Taxation

The medieval period in India was marked by a shift from centralized empires to a more fragmented political landscape. Feudalism became prominent, with local rulers and landlords collecting taxes, often in the form of agricultural produce and other tributes, from peasants. These levies financed local governance and the maintenance of standing armies (Habib, 1963).

Taxation During Colonial Rule

The Mughal Empire

The Mughal Empire, which reigned over India for several centuries, introduced significant changes to taxation systems. Emperor Akbar's "Zabt" system aimed to create a more equitable and predictable tax collection process. However, the subsequent decline of the Mughal Empire led to a return to decentralized and often oppressive tax collection practices (Habib, 1982).

British Colonial Rule

The advent of British colonial rule in India in the 18th century brought about dramatic changes in taxation. The British introduced various land revenue systems, including the Permanent Settlement, Ryotwari System, and Mahalwari System, with the goal of establishing regular and predictable sources of revenue. These systems, while differing in practice, often placed heavy burdens on Indian peasants, leading to widespread poverty and famines (Chakrabarti, 1985).

Year-wise Tax Reforms in India

1991: Economic liberalization begins, marking a significant shift in India's economic policies. Tax reforms include reductions in income tax rates and the introduction of the "Modi" system to modernize tax administration (Bhattacharyya, 1998).

1997: The government introduces the Voluntary Disclosure of Income Scheme (VDIS) to encourage individuals to declare undisclosed income and assets by offering immunity from prosecution (Gupta, 1998).

2000: The introduction of the Fringe Benefit Tax (FBT) aims to tax various benefits provided by employers to employees (Subramanian, 2000).

2005: The Value Added Tax (VAT) is introduced to replace the archaic sales tax system, streamlining taxation on goods and services (Sen, 2007).

2007: The Securities Transaction Tax (STT) is introduced to tax transactions in the Indian stock market (Mishra & Sharma, 2009).

2012: The Direct Taxes Code (DTC) is proposed to simplify and rationalize the direct tax system, although it is yet to be implemented in its entirety (Choudhury, 2015).

2017: The Goods and Services Tax (GST) is introduced, revolutionizing indirect taxation by unifying multiple state and central taxes into a single system (Mukherjee, 2018).

2020: The Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020, offers tax relief measures in response to the COVID-19 pandemic, including extensions for filing deadlines and reductions in tax rates (Ministry of Finance, Government of India, 2020).

The Economic Impact of Taxation

Impact on Economic Growth:

The impact of taxation on economic growth is a subject of significant debate among economists. Taxation, when appropriately designed and administered, can provide the necessary revenue for government spending on infrastructure, education, and healthcare, which can stimulate economic growth (Myles, 2009). However, excessively high taxes or poorly designed tax systems can impede economic activity and deter investment (Auerbach & Hassett, 2002). In the context of India, tax reforms in the early 1990s, including reductions in income tax rates and simplified tax administration, played a crucial role in liberalizing the economy and fostering growth (Bhattacharyya, 1998).

Redistribution of Income and Wealth:

Taxation also plays a vital role in redistributing income and wealth within a society. Progressive taxation, where higher income individuals pay a larger proportion of their income in taxes, can help reduce income inequality (Saez & Zucman, 2016). In India, the Direct Taxes Code (DTC) proposed a more progressive tax system, but its full implementation remains pending (Choudhury, 2015). The GST, while aiming to simplify and unify the tax system, has also faced criticism for its impact on lower-income households, as it can increase the cost of essential goods and services (Goyal & Sharma, 2019).

Challenges in Contemporary Taxation

Tax Evasion and Black Money

Despite significant tax reforms, India continues to grapple with tax evasion. The informal economy, underreporting of income, and the existence of unaccounted "black money" remain major challenges. To combat these issues, the government has introduced measures such as the Benami Transactions (Prohibition) Amendment Act in 2016 (Ramalingam & Narasimhan, 2017).

Digital Economy and Taxation

The rise of the digital economy has posed new challenges for taxation in India. E-commerce, online services, and the gig economy have created complexities in tax collection, especially when transactions cross borders. India has been working to update its tax laws to address these challenges and ensure that digital transactions are adequately taxed (Goyal & Sharma, 2019).

Environmental Taxation

Environmental taxation has gained prominence as countries seek to address climate change and environmental degradation. In India, environmental taxes, such as the Goods and Services Tax (GST) on renewable energy equipment and carbon taxes on polluting industries, are being explored as policy tools to promote sustainable development (Gupta & Dholakia, 2016).

Conclusion

The evolution of taxation in India, from its ancient roots in the Indus Valley Civilization to the complex modern tax system, is a testament to the nation's resilience and adaptability. Taxation has played a pivotal role in shaping India's economic policies, governance structures, and societal norms. While the country has made significant progress in tax reforms, challenges persist, particularly in combating tax evasion, addressing income inequality, and adapting to the digital age. Understanding India's taxation journey is essential for comprehending its historical development and the intricate interplay between taxation, governance, and society. As India continues to evolve, its taxation system will undoubtedly play a crucial role in its future trajectory.

Bibliography

1. Auerbach, A. J., & Hassett, K. A. (2002). Taxation and Economic Efficiency. University of Chicago Press.
2. Bhattacharyya, S. (1998). Tax Reforms in India: Achievements and Challenges. Economic and Political Weekly, 33(33), 2105-2108.
3. Chakrabarti, A. (1985). The Permanent Settlement in Bengal: A Reassessment. The Economic History Review, 38(1), 74-90.
4. Chatterjee, K. (2009). Archaeology and the Text: The Temple and the Cult of Balarāma-Kṛṣṇa at Nalanda. Studies in History, 25(2), 179-204.
5. Goyal, S., & Sharma, R. (2019). Taxation in the Digital Economy: Challenges and Policy Measures. International Journal of Business and Management Invention, 8(1), 27-31.
6. Gupta, S. (1998). Voluntary Disclosure of Income Scheme (VDIS), 1997: An Economic Analysis. Economic and Political Weekly, 33(34), 2227-2233.
7. Gupta, S., & Dholakia, H. H. (2016). Environmental Taxation in India: Current Trends and Prospects. Journal of Environmental Management, 180, 431-442.
8. Habib, I. (1963). The Agrarian System of Mughal India. Economic History Review, 16(1), 1-22.
9. Habib, I. (1982). The Agrarian System of Mughal India (1556–1707). Oxford University Press.
10. Ministry of Finance, Government of India. (2020). Taxation and Other Laws (Relaxation and Amendment of Certain Provisions) Act, 2020.
11. Mishra, A. K., & Sharma, S. C. (2009). Securities Transaction Tax (STT) and Its Impact on the Indian Stock Market. Vision: The Journal of Business Perspective, 13(2), 27-38.
12. Mukherjee, A. (2018). India's GST: The Challenges of Fiscal Federalism. National Institute of Public Finance and Policy Working Paper Series, No. 2017-204.
13. Myles, G. D. (2009). Economic Growth and the Role of Taxation—Theory. In Taxation and Economic Development in Taiwan (pp. 31-51). Routledge.
14. Possehl, G. L. (1996). Mohenjo-daro: The Quest for the Lost Civilization. Oxford University Press.
15. Ramalingam, M., & Narasimhan, K. (2017). Benami Transactions (Prohibition) Amendment Act, 2016: A Critical Analysis. Journal of Accounting, Finance, and Auditing Studies, 3(1), 70-79.

16. Saez, E., & Zucman, G. (2016). Wealth Inequality in the United States since 1913: Evidence from Capitalized Income Tax Data. The Quarterly Journal of Economics, 131(2), 519-578.

17. Sarkar, J. N. (1960). The Age of the Guptas and Other Essays. Motilal Banarsidass.

18. Sen, A. (2007). Value Added Tax: Some Critical Issues. Economic and Political Weekly, 42(25), 2457-2460.

19. Thapar, R. (2012). Aśoka and the Decline of the Mauryas. Oxford University Press.

International Journal For Multidisciplinary Research

An International Open Access Peer Reviewed Journal E-ISSN: 2582-2160

Certificate of Publication

The editorial board of IJFMR is hereby awarding the certificate of publication to

Bageshree P. Bangera Bandekar

in recognition of publication of paper titled

A Review Study on Foodtech Industry and Its Impact on Restaurant Business

Co-Authors: Geeta Bhatia

Published In: Volume 5, Issue 6 (November-December 2023)

Paper Id: 9505

Editor / Publisher

IJFMR

A Review Study on Foodtech Industry and Its Impact on Restaurant Business

Dr. Bageshree P. Bangera Bandekar[1], Ms. Geeta Bhatia[2]

[1]Research Guide, Associate Professor, C. L. Valia College, D.N. Nagar, Andheri (W)
[2]Research Scholar, D. T. S.S College, Research Centre, Malad (E)

Abstract:
The entertainment, food, travel and hospitality industry has seen several disruptive changes over the few years. Foodtech industry has seen a rapid yet constant growth over the past few years as a result of technology advancement and fast lifestyles of the modern consumer. Earlier, the concept of 'eating out' was confined to the upper middle class and the upper-class categories of consumers belonging to the metro cities. Eating from out was a phenomenon associated with holidays, Sundays and special occasions. However, the scenario soon changed, with customers preferring to eat food from 'outside' regularly, more so out of convenience and awareness. With India being a relatively young country, the youth of today are highly aware of multifarious cuisines and types of food due to the social media boom and easy access to speciality restaurants serving such food. Furthermore, technology has led to springing up of foodtech apps like Swiggy and Zomato which enable ordering food from within the confines of the home or office without having to move out. Several literatures highlight the determinants of consumer adoption of online platforms for food ordering such as ease of use, convenience, door to door deliver, discounts and offers and variety of restaurants. Moreover, these applications have made the consumer experience more effective by providing a highly responsive customer relationship management services and real time handling of customer requirements. The current study focusses on consolidating several literatures on the status of online food services in India and their effects on restaurant business. The study also has provided suggestions to restaurants to optimise their business using these apps.

Keywords: Foodtech, Swiggy, Zomato, Restaurants

1. Evolution and Concept of online food ordering apps

In the late 1800s, the 'dabbawalas' were credited with food delivery services to the customers, where they effectively delivered home cooked food. This service was extrremely well received in metropolitan cities like Mumbai. A NSSO sample survey suggests that an Indian employee works on an average for 53 to 54 hours a week. Hence, with the consumer seeking options to eat out more often, the varied cuisines a restaurant had to offer, the restaurants started offering 'home delivery' services to nearby areas. Online food delivery has its roots in the advent of the E-Commerce industry. K.Vaitheeswaran founded India's first E-Commerce app, Fabmart.com in 1999. Soon several E-Commerce sites and portals were launched- Flipkart in 2007, Snapdeal in 2010, BigBasket in 2011. Also, Amazon launched its Indian online shopping portal in 2009. Ridesharing aggregatros like Uber and Ola also entered this Indian industry in the years 2010 and 2011 respectively. Witnessing the success of Ola and Uber, Swiggy first established its food delivery operations in 2014 with a team of 6 delivery persons from 25 restaurants. Zomato was originally launched as Foodiebay, which saw success in the Delhi NCR region in 2008. The company was later rebranded as Zomato. Gradually, both these food ordering portals branched out to sevral cities and now enjoy a succesful existence across the country. Ubereats, Foodpanda, Grubhub and Chowman are a few other food ordering apps in India. However, Zomato and Swiggy dominate this industry.

A food delivery app is an on-demand food delivery service where a customer subscribes to the application and starts using its services. Typically, the customers can browse the portal for various restaurants, cuisines and types of dishes and choose the food item that they wish to order. The app provides a call-to-action option of adding the food to the cart along with several payment options and offers and deals. The food delivery app has collaborations with several banks and financial institutions so as to provide attractive deals to the customers. Further, the supply chain members of these apps include restaurants which provide the food and a network of delivery people who make the delivery possible. There is geographic segmentation of restaurants where the customers can order food from and real time GPS based tracking of the food delivery status. The backbone of these food delivery apps is the efficient customer relationship management which promptly solve the customer queries and issues on real time basis. Thus, the growth of these apps has been magnanimous over the years, specially post Covid, where food ordering online surged due to remote deliveries and convenience.

2. Objective of the study:

1. To study literatures available tracking the food delivery operations in India
2. To examine the effect of food delivery apps on the restaurant business in India
3. To provide suitable suggestions to improve the food delivery services in India

3. Research Methodology

The current study is an exploratory study based on secondary data, where the researcher aims to fulfill the objectives of the study using literatures like research papers, newspaper articles, dissertations, blogs and such other authentic literary material available. The researcher has also browsed through several online databases available and selected literatures which focus upon the status of food delivery operations in India and their effect on restaurant business.

4. Significance and Scope of the Study

The study aims to review several literatures and amalgamate their findings to trace the growth and status of online food delivery industry in India. Similarly, the study aims to assess the effect of these services on restaurant businesses in order to bring forth research gaps and problems. The current study aims to present a further research direction in order to identify and highlight overlooked areas of concern in the supply side.

5. Status of food delivery operations in India

Founded in 2014 and 2015 respectively, Swiggy and Zomato dominate the online food delivery service in India. As a precursor to the unorganised food delivery services by the restaurants, the major aim of these food aggregator apps was to organise several restaurants under a single window of delivery for a seamless customer experience. The system did away with physical menus, placing phone calls to the restaurants for food orders, the seemingly time delays for delivery and non responsive restaurant staff.

Saxena (2019) suggests that the food ordering applications faced several challenges in terms of building a network of restaurants and bringing them on board to the whole system.
Further Saxena (2019) in her research paper has highlighted that over the years several players entered the industry but only Swiggy and Zomato could hold fort in the business. The same research article also pointed out that the online food delivery industry currently faces high competition from in-house food delivery services of large restaurants like Mcdonalds, KFC, Dominos and such other. Sudra (2020) in his blog has projected a growth to reach 2.45 billion users of food delivery apps in India.
According to an article by Nuvoretail, the trend of usage of E-commerce services fortified during the Covid-19 period. Overall E-commerce sales have risen from 40.44 billion dollars in 2019 to 83.75 billion dollars in 2022 and is further projected to to grow to 122 billion dollars in 2024. Specifically, the food industry market is expected to grow to 716.53 million dollars by 2026 exhibiting a CAGR of 28.13% by 2026 according to a research report by Technavio. The research also names the top players in the food delivery services using diverse formats- Bundl technologies, Diverse retail, Dominos Pizza, Mcdonalds Corp., Ola foods, Rebel foods apart from Zomato and Swiggy. Selvan and Andrew (2021) observed that online food delivery services were mostly availed by Indians between 15 to 34 years of age. Amis, Chawla and Tulpule (2021) in their research study attributed the growth of electronic food delivery to the penetration of internet, availability of cheap smart phones and user friendly applications.
Patgiri, et al (2022) in their research paper have put forth interesting observations that the changing psycho-social and socio-economic structures of the Indian society has affected the food tech industry. Some of the factors being rising number of working women, double incomes, nuclear families and desire to lead easy lifestyles. An article in the Business Standard (2023) has revealed that the food tech industry has its foothold in over 500 cities in India as a result of growing consumer confidence and rapid digitalisation. The same article also suggests that there are specific hindrances to the business as a result of consumer concerns like high delivery charges, mediocre food quality, dearth of customisation and delivery personnel concerns.

6. Impact of online food ordering application on restaurant business

Most literatures available on online food ordering applications point out that they have a favourable as well unfavourable effects on restaurant business. While the advent of online food aggregators have eased out ordering of food chosen by customers, they have brought about disruptive changes in the restaurant business. The researcher synthesizes several literatures to bring out the following observations:

6.1 Favourable effects on restaurants:

Gupta (2019) in her study has focused on revenue generation streams of Swiggy and Zomato. As a result, her findings suggest that restaurants have expanded their customer base to a large extent due to these aggregator services. There exists organised delivery across several geographical locations which otherwise wouldn't have been possible if the restaurant would have operated as a stand-alone entity. The research also says that the restaurant business also encashed several benefits in terms of revenues, profits and sales volumes as a result of specialised marketing strategies of Swiggy and Zomato. Swiggy has successfully used popular hashtags like #Diwaligharayi and #Singwithswiggy to direct consumer traffic to specific restaurants.
Restaurants have seen increasing online presence with customer ratings and reviews, which are now an integral part of the service industry. A restaurant can enhance their digital presence simply by registering

itself with third party logistics app like Swiggy/ Zomato. (Mukherjee, 2022). Further, the delivery logistics are taken care of by the aggregator at a small commission from the restaurant.
A study by Tanna and Utekar (2018) proposes that the algorithm and technology of these apps have further made the food ordering and delivery highly specific and effective, which has a ripple effect on the restaurant business. Abraham (2021) in her study has stated that registering with online food ordering apps has helped restaurants to improve their corporate image and connect with their customers effectively to gain the required feedback through ratings and reviews.

6.2 Unfavourable effects on restaurant business:
A study by Shaikh (2021) on effects of Swiggy and Zomato on restaurant business in Pune city stressed upon certain concerns relating to the restaurant revenues and business. Primary concern was that these applications create unnecessary competition amongst restaurant outlets within the same area. This was due to the 'filter' feature where restaurants may or may not be visible to the customers. Further, the food delivery apps are accused of charging as much as 30% of the total food bill, thus reducing the profit margins of the restaurants. Also, restaurants end up paying high commissions to these apps. At the outset, this reduced the revenues of the restaurants, if not compensated through sales volumes.
Further, the discount-based business models of Swiggy and Zomato have paved way for customers asking for discounts regularly (Srivastava et.al, 2020). This serves as a potential threat to the sustainability of the restaurants. An important negative effect on the traditional restaurant business was that there was a marked decrease in the physical in-house dining and the overall footfalls (Charlene Li et al., 2020). This led to restaurants having to downsize their operations and reduce their in-house staff.

7. Conclusion and Recommendations
From the several literatures reviewed, it is evident that the foodtech industry has brought about disruptive modifications in the food industry, especially in the Tier I and II cities. With changing consumer preferences and lifestyles, these applications have seen a tremendous rise and rapid consumer adoption. It can be concluded that this industry brings forth both positive and negative impacts on restaurant business, which cannot be ignored. Further, it can also be stated that the online food ordering business is slated to grow continuously. Hence, restaurants have to keep themselves updated with the latest trends in that sector. Based on the secondary study, a few recommendations can be put forth for the traditional restaurants:

1. Working around a business model where the restaurants use the third-party logistics services of these applications optimally.
2. Focusing on quality of the food which is a growing customer concern when ordering food through food apps.
3. Creating more leads and visibility through personal social media pages to generate more sales volumes
4. Work towards a profitable partnership with the foodtech apps to avoid loss of revenues
5. Using food ordering apps like Swiggy and Zomato as customer relationship management tools and providing appropriate feedback to the customers.
6. Creating databases using these apps for building a loyal customer base
7. Conducting appropriate marketing research using the information received through the food ordering apps and planning future operations accordingly

8. Devising suitable and effective marketing strategies to ward off competitions created by the online food ordering apps.

References:

Bibliography:

1. Saxena, A (2019). 'An analysis of online food applications in India: Swiggy and Zomato', 4th International Conference on Recent Trends in Humanities, Technology, Management and Social development, Vol.9, Special Issue
2. Patgiri (2022). ' Changing food habits of middle class youth in India', South Asia Research, Vol.42-No.3
3. Gupta, M (2019). 'A Study on Impact of Online Food delivery app on Restaurant Business special reference to zomato and swiggy', International Journal of Research and Analytical Reviews, Vol. 6-No. 1
4. Goyal, Vijyavargiya and Awasthi (2019). 'Growth of food tech startups: a study on various food delivery services', Open Access Journal of Interdisciplinary Studies, Vol. 2- No.1
5. Abraham, A (2021), ' A Study on the effectiveness Of Online Food Applications On Registered Restaurants', International Journal of Creative Research Thoughts, Vol.9- No.1
6. Mukherjee, S (2022), 'A Study on Impact of Online Food delivery app on Restaurant Business', International Journal of Business and management Invention, Vol. 11- No.
7. Varma, Tanna and Utekar (2018). 'A survey on touch-based food ordering system in restaurants', International Journal on Recent and Innovation Trends in Computing and Communication, Vol.-6-No. 3
8. Shaikh, A (2021). 'A study of negative effects of Online Food Delivery Platforms on Restaurants Revenue and Customer Relations in Pune City', International Journal of Scientific Research in Engineering and Management, Vol. 5-No. 9
9. Srivastava and Srivastva (2021), 'Online food delivery: Study with special reference to food aggregators', International Journal of Multidisciplinary research and Analysis, Vol. 4- No. 3
10. Li, Merosa and Bremer (2020), 'Review of online food delivery apps and their impacts on sustainability', MDPI Journal, Vol. 2- NO. 4

Webliography:

1. https://inc42.com/features/from-foodiebay-to-zomato-the-12-year-journey-that-changed-how-india-consumes-food/
2. https://www.themarcomavenue.com/blog/the-swiggy-story-how-swiggy-became-indias-largest-food-delivery-platform
3. https://deonde.co/blog/how-does-an-online-food-delivery-application-work/
4. https://deonde.co/blog/how-does-an-online-food-delivery-application-work/
5. https://www.statista.com/statistics/744350/online-food-delivery-market-size-india/
6. https://www.technavio.com/report/food-delivery-market-industry-in-india-analysis
7. https://nuvoretail.com/ultimate-guide-top-100-ecommerce-platforms-in-india/
8. Selvan & Andrew (2021). 'Emerging trends towards online food delivery apps in India', Retrieved from https://deliverypdf.ssrn.com/delivery.php?ID=4460050070691241171231100230921190931210540

880680020560770291010871231140880640821100300121160610090620521030101190880000970
840390390010110460661210031240730930730770330390150950011020070930731270980900920
87091110127104120088025023084029091020003075104&EXT=pdf&INDEX=TRU
9. https://www.business-standard.com/article/current-affairs/india-s-online-food-delivery-industry-to-touch-8-bn-mark-by-2022-report-120012800822_1.html

MAH/MUL/ 03051/2012 ISSN :2319 9318

आंतरविद्याशाखीय बहुभाषिक शोध पत्रिका

विद्यावार्ता™

April To June. 2024
Issue 50, Vol-14

Date of Publication
01 June 2024

Editor
Dr. Bapu g. Gholap
(M.A.Mar.& Pol.Sci.,B.Ed.Ph.D.NET.)

विद्येविना मति गेली, मतीविना नीति गेली
नीतिविना गति गेली, गतिविना वित्त गेले
वित्तविना शूद्र खचले, इतके अनर्थ एका अविद्येने केले
-महात्मा ज्योतीराव फुले

"Printed by: **Harshwardhan Publication Pvt.Ltd.** Published by **Ghodke Archana Rajendra** & Printed & published at Harshwardhan Publication Pvt.Ltd.,At.Post. Limbaganesh Dist,Beed -431122 (Maharashtra) and Editor **Dr. Gholap Bapu Ganpat**.

Date of Publication
01 June 2024

Vidyawarta™

International Multilingual Research Journal

www. विद्यावार्ता.कॉम
YouTube Channel

Indexed

IMPACT 9.29 IIJIF FACTOR

Govt. of India,
Trade Marks Registry
Regd. No. 2611690

Harshwardhan Publication Pvt. Ltd. ISO 9001:2015 International Multilingual Research Journal

http://www.printingarea.blogspot.com

Editorial Board & review Committee

INDEX

25

A STUDY OF DIGITAL MARKETING TOOLS IN INDIAN MARKETING SCENARIO

Dr. Seema S. Waghela
Cosmopolitan Valia C. L. College of Commerce
Andheri (w), Mumbai

ABSTRACT :

The world is changing at a rapid pace with the emergence of new technologies and trends. The business world is no exception to such rapid and advance technological changes. Decades back only traditional marketing tools such as print media, radio and television were the main sources of advertising. The entire scenario began to change after the emergence of digital era. People are more enthusiasm about the products and services that required in our day-to-day life. The digital marketing tools helps to make them aware about the availability of different services and the new launch of products. It also helps them to know the latest marketing trends and at the same time it is convenient to the business organizations to promote their products and services to their target audience. The research study gives the detail idea about the various effective digital marketing tools which can be benefited to customers as we as business persons to maximise their sales and profit volume.

Key words: digital, search engine, incredible, attributed, social marketing, entrepreneurs.

INTRODUCTION:

In the present era, when technology has influenced every aspect of business, marketing is no exception. A large number of businesses are switching to digital marketing techniques to promote their products. Digital marketing is not only concerned with increasing sales, but it also involves creating awareness about a brand, educating customers, informing them about the latest trends and so on. Existing customers also act as brand advocates in digital marketing by encouraging members in their network to buy the products. Digital marketing provides various effective tools that can be utilize to promote products and services. The present study of digital marketing tool in Indian Marketing Scenario is mainly focused on the effective use of various marketing tools that can be inculcate by entrepreneurs to maximise their sales volume, profit margin as well as reach towards large number of consumers. Digital marketing is the need of the hour for all types of businesses. Utilisation of different digital marketing tools would definitely help to convey business-oriented information to most people across the world in a very short period of time.

OBJECTIVES OF THE STUDY:

The present study deals with the Digital marketing tools in Indian marketing scenario. Keeping in view, the following objectives were designed for the study.

1. To study the basic concepts of Digital Marketing.
2. To understand the latest marketing trends.
3. To elaborate the need for digital marketing in today's era.
4. To analysis the Digital Marketing tools in Indian marketing scenario.

SIGNIFICANCE OF THE STUDY:

Digital marketing offers various advantages over traditional media of marketing. It helps to reaching out to a wider range of audience spread across different geographic location at a fast pace. The present study of "Digital marketing tools in Indian marketing scenario has a wide scope that not only restricted up to developing countries like India and China but also highly applicable to all the advanced countries across the globe. In current scenario, digital marketing is one of the most preferred methods to reach out to people across different region. The present study has broad perception as digital marketing is widely applicable to all kind of businesses existing in India as well as all the part of rest of world. The different digital marketing tools is one kind of best alternatives can be utilized by the entrepreneurs to expand their business at large scale. The study has focused light on key points like latest marketing trends in India and the need for digital marketing in today's era. It also pointed the basic concepts of digital marketing that can be understand and implement by businesses as it is highly efficient and needed in the present time in order to succeed and grow.

METHODOLOGY OF THE STUDY:

The present study of "A study of Digital Marketing Tools in Indian Marketing Scenario" has been based on secondary data. The informative study material is collected from reference books, periodicals, Journals, research publications, newspapers and websites. All the information gathered has been studied thoroughly to draw the appropriate conclusion.

LIMITATION OF THE STUDY:

There is incredible growth in Digital Marketing that can be attributed to the rise in the use of digital media. Due to time constrain the researcher mainly focused on the effective digital marketing tools that can be utilized by maximum entrepreneurs in their businesses. There is tremendous growth in digital marketing but to time limit the study can't able to elaborate the other parameters of digital marketing such as Digital Marketing strategy and planning, pros and cons of digital marketing, comparison of digital marketing with that of traditional marketing and so on.

ANALYSIS AND FINDINGS OF THE STUDY:

Digital marketing is a type of marketing practice that involves the employment of digital technology to promote and sell products and services. It includes promoting products and services using various digital tools. The incredible growth in digital marketing can be attributed to the rise of various digital media platforms. In the present time, more and more customers are preferring digital means to seek information as compare to the traditional ones such as radio, print media and television. The different digital marketing tools can be utilized for promoting and sale of products and services. It has been stated in the diagram as follows.

1.1 DIGITAL MARKETING TOOL

The diagram 1.1 indicates various digital marketing tools that can be utilized effectively in today's marketing scenario.

1.Email marketing tool: Email marketing is one of the important components of digital marketing. It is like the direct mail but instead of using postal services, messages are delivered electronically. It involves the use of emails for promoting products and services and also aims to form a sound relationship with the existing and potential clients. A well-planned email marketing campaign can increase sales and customer loyalty. Email marketing can be personalized and help a business in maintaining a professional relationship with clients for a prolonged period.

2.Websites: is another important digital marketing tool for the growth of a business. It offers a digital window through which a business can advertise and make its presence felt in all corners of the world. Due to easy accessibility and excessive popularity of the internet, most people prefer to gather information about a product or service prior to opting for it. A user can gain information about the credibility of an organization, the authenticity and performance of a product or service with the help of a website.

3.Online PR: is a catch all term that tends to represent both public, press and media relations. This has evolved from the time of typing out, printing and posting news release to local papers, to an online system of identifying relevant news outlets and sharing content, from meeting with key journalists to place important stories about the organization, to identifying online influencers and trying to manage the online message. Larger companies can use online PR for multiple purpose and within each area they have an agreed set of specific objectives such as to raise awareness about their products and services, to generate engagement from its potential customers, to provide monitoring to understand what is being said about the organization and to manage responses to good and bad news.

4.Search Engine Marketing tool: is a set of techniques that are applied to influence the visibility of a website and raise its online ranking on a search engine. A properly organized search engine campaign can enhance the visibility of a brand and expand its reach. The growing recognition enables the business to seize better opportunities. This tool can help a business experience fast growth and achieve its predetermined objectives.

5.Social-media advertising: is an effective digital marketing tool use for promoting products and services. One of the prime aims of social media marketing is to create content that can be shared over the social network. This tool can help a company to increase its brand exposure and customer base. Social media is a effective communication tool. With the aid of this tool, it is possible for commercial organizations to add new customers, who are otherwise unaware of their products and services.

6. Blogs: When websites first became available, they were created using complex programming systems. It was a costlier affair to add new content to web pages. Due to that reason many well reputed organizations developed blogs outside their main website to share regular and day to day updates, which mainly relevant to company's daily work performance and informing people about their products and services.

7. Social networks: Social media networks is one among the effective digital marketing tool came into existence in the year 1996 with launch of the first mainstream social network, Six degrees, which allowed people to create profiles and invite their friends to join. As earlier pioneer of social networks, six degrees closed in 2001as very few people had internet5 access and the concept of online networking was not widely understood. Over period of time, social networks have attracted the attention of organizations, because of increase in the numbers of members and the ability for organizations to contact them and target advertising based on user profiles. Social media networking has become a powerful communication tool where consumers can complain about poor services and get much faster responses. The social network marketing helps to build strong bond between organizations and their customers.

CONCLUSIONS:

Digital marketing is one of the effective types of marketing practice that involves the employment of digital technology to promote and sell products and services. There are various digital marketing tools plays a prominent role to provide adequate information towards the targeted customers. It does not only concern with increasing sales, but also involves creating awareness about a brand, educating customers, informing them about the latest trends and so on. Although traditional marketing has been very effective. It is only successful in making product popular in the target market. Overtime digital marketing has gained more importance due to its lower cost, wide customisation options and the effective digital marketing tools. Hence at the end we can conclude that all business organizations, whether big or small, they have to use various digital marketing tools as per the structure of their business to engage their target customers and to provide the best of their services towards them.

REFERENCES:

- Hanlon Annmarie, "Digital Marketing: Strategic Planning and Integration", SAGE publications New Delhi, India 2019 pp 195-205.
- Yashpal Nayak, "Internet Marketing", MARK publishers, Jaipur, 2012. Pp 40-44.
- Chaffey Dave, Fiona Ellis-Chadwick, Kevin Johnston, Richard Mayer, "Internet Marketing", Dorling Kindersley publication, India, 2009 pp 151-155.
- Star Business Series, "Digital Marketing", Staredu publications, 2019, pp 30-39.
- Bhatia Punit Singh, "Social Media and Mobile Marketing", Published by Wiley India Pvt. Ltd, India, 2019, pp 55-57.
- www.digitalmarketing.in
- www.website.in
- www.digitalmarketinginindia.in

❑❑❑

26

The Comparative Study of Economics-Status of Inter University Players of Maharashtra

Dr. Suhas Raghunath Tiwalkar
Associate Professor
HVSKM, College of Physical Education
Lohara, Yavatmal. (MS)

****

Abstract: -

The main purpose of present study was to determine "The Comparative Study of Economics-Status of Inter University Players of Maharashtra". For the present study the source of data was 1485 inter university players of Maharashtra from 11 different games - Basket-Ball, Handball, Football, Volleyball, Cricket, Softball, Hockey, Kho-Kho, Kabaddi, Badminton, Athletics, all these selected subjects are the source of data. The age of the subjects was ranging between 18 to 28 years. The researcher used survey method for fulfilling his research purpose. The Questioner got filled in the subject by the researcher from the players. The data was tabulated and analysis required the Percentage, 't'value, Mean & Standard Deviation Method for the purpose of interpretation to determine the significant difference in the mean. The Inter University Men & Women Players 't' value is 7.377, Urban & Ruler Players 't' value is 2.474, Team & Individual game Players 't' value is 33.446. This 't'value is more than the tabulated 't' value which is 1.96 because it is significant. Hence the hypothesis is not accepted.

Key words: - Comparative, Economics-Status, Inter University, Player, Games.

Introduction: -

Researcher is working in the field of physical education from many years. The effect

आंतरराष्ट्रीय बहुभाषिक शोध पत्रिका

प्रिंटिंग एरिया

Printing Area International Interdisciplinary Research Journal in Marathi, Hindi & English Languages

May 2024, Issue-113, Vol-05

Editor

Dr. Bapu g. Gholap

(M.A.Mar.& Pol.Sci.,B.Ed.Ph.D.NET.)

"Printed by: **Harshwardhan Publication Pvt.Ltd.** Published by **Ghodke Archana Rajendra** & Printed & published at Harshwardhan Publication Pvt.Ltd.,At.Post. Limbaganesh Dist,Beed -431122 (Maharashtra) and Editor **Dr. Gholap Bapu Ganpat.**

Reg.No.U74120 MH2013 PTC 251205

Harshwardhan Publication Pvt.Ltd.
At.Post.Limbaganesh,Tq.Dist.Beed
Pin-431126 (Maharashtra) Cell:07588057695,09850203295
harshwardhanpubli@gmail.com, vidyawarta@gmail.com

Printing Area

www.विद्यावार्ता.कॉम

You Tube Channel

Vidyawarta is peer reviewed research journal. The review committee & editorial board formed/appointed by Harshwardhan Publication scrutinizes the received research papers and articles. Then the recommended papers and articles are published. The editor or publisher doesn't claim that this is UGC CARE approved journal or recommended by any university. We publish this journal for creating awareness and aptitude regarding educational research and literary criticism.

The Views expressed in the published articles,Research Papers etc. are their writers own. This Journal dose not take any libility regarding appoval/disapproval by any university, institute, academic body and others. The agreement of the Editor, Editorial Board or Publicaton is not necessary. Editors and publishers have the right to convert all texts published in Vidyawarta (e.g. CD / DVD / Video / Audio / Edited book / Abstract Etc. and other formats).

If any judicial matter occurs, the jurisdiction is limited up to Beed (Maharashtra) court only.

Indexed

IMPACT 9.23 IIJIF FACTOR

Govt. of India,
Trade Marks Registry
Regd. No. 3418002

Harshwardhan Publication Pvt.Ltd. ISO9001-2015 CERTIFIED International Multilingual Research Journal

http://www.printingarea.blogspot.com

Editorial Board & review Committee

INDEX

07

A STUDY OF SOCIAL-CULTURAL INFLUENCE ON COMSUMERS BUYING BEHAVIOUR IN INDIA

Dr. Seema S. Waghela
Cosmopolitan Valia C. L. College of Commerce
Andheri (w), Mumbai

ABSTRACT:

Consumer is one of the prime segments of entire marketing field. The whole process of manufacturing is based upon consumers need and behaviour. Consumer behaviour is a rapidly growing application-oriented discipline of study. Brisk strides in the area of technology and digital communication are influencing consumer behaviour in significant ways. Consumer behaviour means more than just how a person buys products. It is a dynamic complex and multidimensional process and reflects the totality of consumers. In developed and developing countries, consumers have access to an abundance of information about products and services. Consumers live in a complex social and cultural environment. The type of products and services they buy can be influenced by the overall cultural and social context in which they grow up to become individuals.

Keyword: component, occupation, determination, social-cultural influence, multidimension, complex.

INTRODUCTION:

India is one of the highly populated nations in the world where buying behaviour of the consumers depend upon the various factors.

There are different category of consumers existing and their level of opinion and style of buying a product is totally differ from person to person. Generally buying behaviour is the total combination of consumers attitude, preferences, intention and decision-making process at the time of buying a product or service. There is a subtle influence of cultural factors on consumers decision process. Consumers live in a complex social and cultural environment. The type of products and services they buy can be influenced by the overall cultural and social context in which they grow up to become individuals. The present study of Social-Cultural Influence on Consumer's Buying Behaviour in India is mainly focused on how the social-cultural environment influenced the consumers attitude and behaviour towards buying any product and services.

OBJECTIVES:

1.To study the basic concept of consumers buying behaviour.

2. To understand the various factors influenced for consumers buying behaviour.

3.To identify the impact of cultural environment on the buying behaviour of consumers.

4.To analysis the social parameters at the time of buying decision of the consumers.

5. To elaborate the participative role of Government in terms of buying decision of the consumers in India.

SIGNIFICANCE OF THE STUDY:

Consumer behaviour is a rapidly growing application-oriented discipline of study. Brisk strides in the area of technology and digital communication are influencing consumer behaviour in significant ways. Consumer behaviour means more than just how a person buys products. It is a dynamic complex and multidimensional process and reflects the totality of consumers. In developed and developing countries, consumers have access to an abundance of information about products and services. They are no more dependent on marketer-controlled information sources. every country has its own culture and social background which highly influence on the buying behaviour of the consumers. The present research studies "A study of social-cultural influence on consumers buying behaviour in India has wide scope and applicable to consumers across the world. The researcher with the help of present study tries to find the impact of social and cultural influence on buying behaviour of the consumer in India. The present study identified the basic concept of consumer buying behaviour in India.

METHODOLOGY OF THE STUDY:

The present study of "A study of social-cultural influence on consumers buying behaviour in India" has been based on secondary data. The informative study material is collected from reference books, periodicals, Journals, research publications, newspapers and websites.

LIMITATION OF THE STUDY:

Due to time constrain, the present study of social- cultural influence on consumer buying behaviour in India has been focused only on social and cultural environment caused and highly affect the buying decision making process of consumers in India. There are several other factors too influence the buying behaviour of individual consumers but researchers due to limited time could not able to highlight these parameters of buying behaviour.

SCOPE OF THE STUDY:

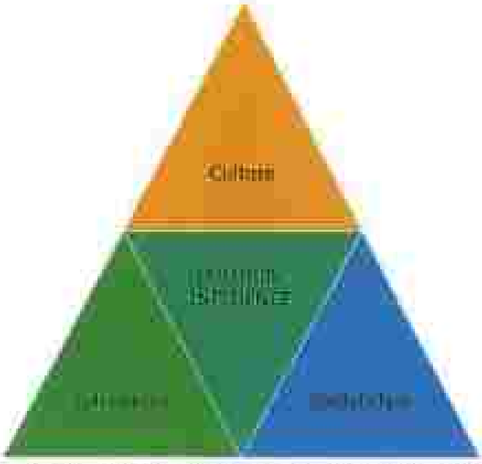
The present study of social and cultural influence on consumer buying behaviour has a very wide scope and would be applicable to all over globe. In a developed and capitalistic economy, the social influence is linked to the financial and material resources of the individual. The eastern nations like India have a different method of social influence. Social classes are based on many components and not only on income and occupation, though income and occupation influence the determination of social class in many developed and developing countries. The following table 1.1will identify the basic factors included in social influence of consumers while taking buying decision of goods and services.

Table 1.1 Social influence of individual consumer

Table 1.1 indicates that different societies have different kinds of social classifications. Social influence is a dynamic phenomenon and individuals belonging to a class change over a period of time.

On the other side, cultural influence plays a vital role in the buying behaviour of consumers as well. Culture influence consumers through the norms and values established by the societies in which they live. It is broadest environmental factor that influences consumers behaviour. Culture is larger manifestation of a nation. People tend to identify themselves with immediate sub-culture systems, which are reflected through the race, religion, nationality and geographical locations and so on. Culture is the complex way of living of individuals. It represents the way consumers live and grow up to acquire cultural values and norms. It stated as a combination of values, ideas, attitudes and other remarkable symbols created by man to shape human behaviour. Hence, there is a subtle influence of cultural factors on consumers decision making process. The type of products and services they buy can be highly influenced by the over all cultural context in which they grow up to become individuals. The following table 1.2 represented the culture influence on buying behaviour of consumers.

Table 1.2 Culture influence of individual consumer



Culture influence is combination of culture and subculture with which consumer identifies himself as a member of society. The marketing managers need to understand the cultural context in which consumers derive meaning from products and services.

Beside social and culture influence there are 'personal and psychological' factors also influence the buying behaviour of the consumers. A person's consumption behaviour is shaped by his personal characteristics. It includes demographic factors like age, income and language, level of education and gender factors and so on. Consumers also influenced by the psychological factors. Internal psychological factors subtly guide the decision process. It is equally important as they influence the reason why of buying. It includes factors like motivation, learning and perception.

ROLE OF GOVERNMENT IN CONSUMER BEHAVIOUR:

Consumer behaviour as well as marketing decisions are influenced by a variety of organizational and environmental factors. One of the key influencers in this process is the Government and regulating institutions. Government's role in the marketer's decision inputs at times is so powerful that they often have an overriding influence on marketing decision. Public policy and regulations intersect the field of consumer behaviour and legislation when public policy makers believe that Government intervention in the process or outcome of marketing exchanges will benefit society as a whole.

CONCLUSIONS:

In the developing country like India social and culture influence play's crucial role in buying behaviour of the consumers. There is a subtle influence of cultural factors on consumers buying decision process. Consumers live in a complex social and cultural environment, the types of products and services they buy can be influenced by the over all cultural context in which they grow up to become individuals. To succeed in a dynamic and increasingly complex marketing environment where individual consumers faced with more and more choices, marketers have an urgent need to learn and anticipate as per consumers cultural and social needs. The better they know and understand consumers the better they will compete in the marketing world.

REFERENCES:

S H H Kazmi, "Consumer Behaviour and Marketing Communication", Excel Book Publication, New Delhi, 2011 pg.27-29.

Tapan K Panda, "Marketing Management", Taxmann Publication Pvt. Ltd., New Delhi, 2022 pg 197-200.

Neerav Gautam, Kokil Jain, "Consumer Behaviour", Wisdom Publications, New Delhi, 2011, pg 2-18.

Leon G Schiffman, Leslie Lazar Kanuk, S Ramesh Kumar, "Consumer Behaviour", Published by Dorling Kindersley Pvt. Ltd. India, 2010, pg 158-165.

❑❑❑

MICROFINANCE IN MUMBAI: EVALUATING ITS IMPACT ON POVERTY ALLEVIATION AND ECONOMIC EMPOWERMENT WITH REFERENCE TO PEOPLE IN MUMBAI METROPOLITAN REGION

Mr. Vijendra Gupta
Assistant Professor, Valia Chhaganlal Laljibhai College of Commerce and Lilavantiben Chhaganlal College of Arts.

Abstract:
Microfinance has emerged as a potent tool in addressing poverty and promoting economic empowerment, particularly in urban areas like Mumbai. This paper aims to assess the impact of microfinance on poverty alleviation and economic empowerment within the Mumbai Metropolitan Region (MMR). Through a comprehensive analysis of existing literature and empirical research, this study seeks to provide insights into the effectiveness of microfinance interventions in Mumbai, shedding light on its strengths, limitations, and potential areas for improvement.
Keywords- *Microfinance, Poverty Alleviation, Economic Empowerment, Mumbai, Urban Poverty.*

1. Introduction:

Microfinance is often seen as a specialized initiative aimed at empowering impoverished individuals and reducing poverty. Due to its distinct structure and purported focus on serving the unemployed and impoverished, numerous inquiries arise. These include inquiries into the beneficiaries of microfinance, its actual reach among the poor and jobless, its effectiveness in poverty alleviation, its potential for creating employment opportunities for the impoverished, and its role in fostering enterprise growth and income augmentation. These questions, among others, prompt a deeper exploration of the impacts and efficacy of microfinance initiatives.
Microfinance plays a vital role within comprehensive poverty alleviation programs. By enhancing access to and efficient delivery of savings, credit, and insurance services, it empowers the impoverished to stabilize their consumption, manage uncertainties, accumulate assets gradually, and nurture their own small-scale enterprises. It's important to note that microfinance serves as a means to an end, rather than an end in itself. The ultimate objective of microfinance is poverty reduction. Governments, NGOs, and other financial institutions have introduced various welfare initiatives and programs aimed at poverty reduction. Microfinance, by extending small loans and savings options to those excluded from mainstream financial services, has emerged as a key strategy in the global fight against poverty.

2. Literature Review:

Dr. Shubhra Rahul, (2021): Funds are needed to address personal emergencies like illness, injury, unemployment, theft, harassment, or coping with disasters such as fires, floods, cyclones, and human-induced events like war or forced evictions. Furthermore, money plays a crucial role in pursuing investment opportunities such as business expansion, land or equipment acquisition, housing improvement, and securing employment, often necessitating substantial bribes. This paper is structured into two sections: the theoretical aspect, which explores conceptual frameworks, and the operational aspect, which delves into organizational practices, models, and governmental regulations within the realm of microfinance.

Prathap B N, (2018): Research findings indicate a discernible and favorable influence of microfinance endeavors on enhancing living standards, fostering empowerment, and alleviating poverty, particularly within rural settings. It's worth noting that our study was conducted with a limited sample size drawn solely from two blocks within the state of Karnataka. As such, the outcomes cannot be extrapolated to encompass other regions within Karnataka. Additionally, our study is restricted in its examination of the poverty-alleviating effects of microfinance, neglecting to explore its broader array of benefits.

Promod Bhargava, (2017): Microfinance encompasses a range of financial services tailored for low-income and self-employed individuals, including deposits, savings, payment services, insurance, and microcredit. The SHG-Bank Linkage Programme, a dominant microfinance model, aims to extend financial services to underserved populations. Through this initiative, microfinance has instigated transformative changes in people's lives.

P. BALAMURUGAN, (2014): This paper seeks to establish connections between microfinance, Self-Help Groups, and women's micro-entrepreneurship, while also examining the Indian experience concerning SHGs and microfinance. Through this exploration, it aims to underscore the significance of SHGs in poverty alleviation efforts.

S. M. Hashemi, (1996): This research paper provides an overview of the Microfinance revolution in India, highlighting its role as a potent tool for addressing poverty. It acknowledges the shortcomings of traditional institutional finance and the success of Microfinance in reaching marginalized populations. The paper advocates for the integration of impact assessment into program evaluation to maximize the potential of microfinance in achieving Millennium Development Goals (MDGs). Overall, the paper calls for a comprehensive approach to microfinance regulation and evaluation to realize its full potential in combating poverty.

3. Research Methodology:

The research will adopt a mixed-methods approach, combining quantitative analysis of secondary data with qualitative insights gathered through questionnaire.

4. Objectives of The Study:

a. To analyze the extent to which microfinance initiatives have contributed to poverty alleviation in the Mumbai Metropolitan Region.
b. To assess the impact of microfinance on the economic empowerment of individuals and households in Mumbai.
c. To identify the factors influencing the effectiveness of microfinance interventions in the MMR.

5. Limitation of the Study:

a. Limited availability of primary data may constrain the depth of the analysis.
b. The study may face challenges in accessing comprehensive information from all microfinance institutions operating in the MMR.
c. Time and resource constraints may limit the scope of the research, necessitating a focus on specific aspects of microfinance impact.

6. Scope of the Study:

This study focuses on microfinance initiatives within the Mumbai Metropolitan Region, encompassing both urban and semi-urban areas. The research primarily examines the impact of microfinance on poverty alleviation and economic empowerment among low-income individuals and households residing in Mumbai. The study may draw insights from a range of microfinance models and institutions operating in the MMR, including both traditional MFIs and innovative fintech solutions.

7. Groups Organized By Microfinance Institutions

Microfinance institutions in mumbai organize various types of groups to offer credit, insurance, and financial training to the rural population:

a. Joint Liability Group (JLG):

JLGs are informal groups typically comprising 4-10 individuals who obtain loans with mutual guarantee, often for agricultural or related activities. Members, including farmers, rural workers, and tenants, collectively shoulder responsibility for loan repayment without requiring complex financial administration.

b. Self Help Group (SHG):

SHGs consist of individuals with similar socio-economic backgrounds who pool funds for business purposes over a short period. These non-profit groups manage debt recovery internally and typically operate without collateral, offering low-interest rates. Many banks collaborate with SHGs to enhance financial inclusion in rural areas, with initiatives like the NABARD SHG linkage program facilitating access to bank loans based on repayment track records.

c. Grameen Model Bank:

Inspired by Nobel Laureate Prof. Muhammad Yunus's Grameen Model in Bangladesh, this approach aims at holistic rural economic development. While similar models exist in India, SHGs have proven more effective as microfinance institutions compared to Grameen Banks.

d. Rural Cooperatives:

Established during India's independence, rural cooperatives pooled resources from the poor to provide financial services. However, complex monitoring structures and limited benefits for creditworthy borrowers hampered their success in rural India.

These group-based microfinance approaches serve diverse rural communities, contributing to economic empowerment and financial inclusion.

8. Data Analysis

Poverty can be approached from either a biological or economic standpoint. Under the biological perspective, poverty is defined by insufficient calorie intake, with individuals falling below a certain calorie threshold considered poor. This threshold is set at 2400 and 2100 calories per capita per day for rural and urban areas, respectively. Alternatively, from an economic perspective, poverty is assessed based on per capita income/expenditure or standard of living index.

Data was collected from 54 individuals, out of which only 32 individuals were aware and availed of the MFI loan. Further questionnaire was asked to those 32 individuals.

Table 1 – Accessibility of microfinance services in Mumbai?

Question – Have you ever accessed microfinance services in Mumbai?	No of respondent	Percentage
Yes	27	84.37%
No	05	15.63%

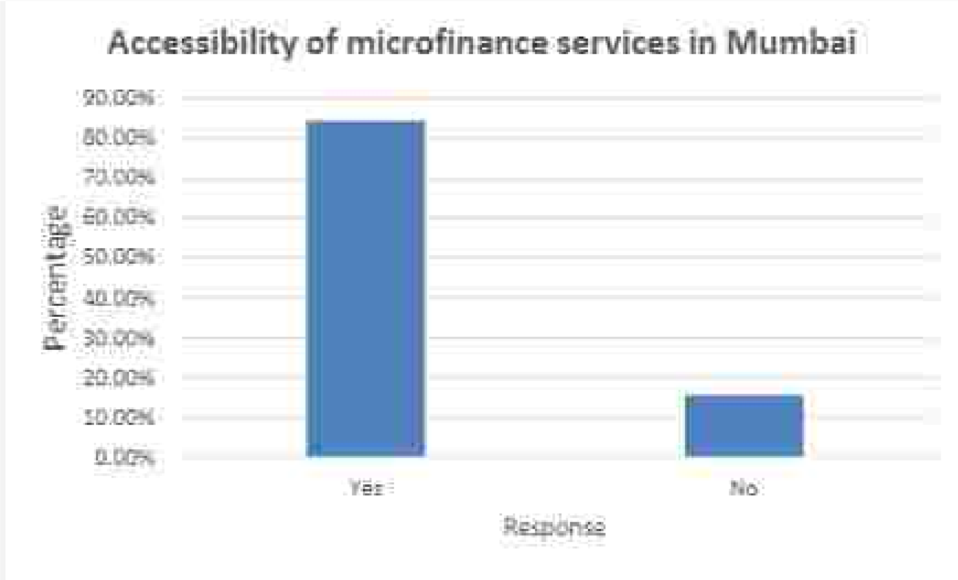


Figure- Accessibility of microfinance services in Mumbai

Table 2 - Effectiveness of microfinance services in Mumbai

Question – In your opinion, how effective is microfinance in reducing poverty in Mumbai?	**No of respondent**	**Percentage**
Very effective	21	65.63%
Somewhat effective	8	25%
Not effective	3	9.37%

Figure 3 - Effectiveness of microfinance services in Mumbai

Table 3 – Changes in poverty levels due to microfinance institutions

Question – Have you observed any changes in poverty levels in Mumbai due to microfinance initiatives?	**No of respondent**	**Percentage**
Yes	28	87.5%
No	04	12.5%

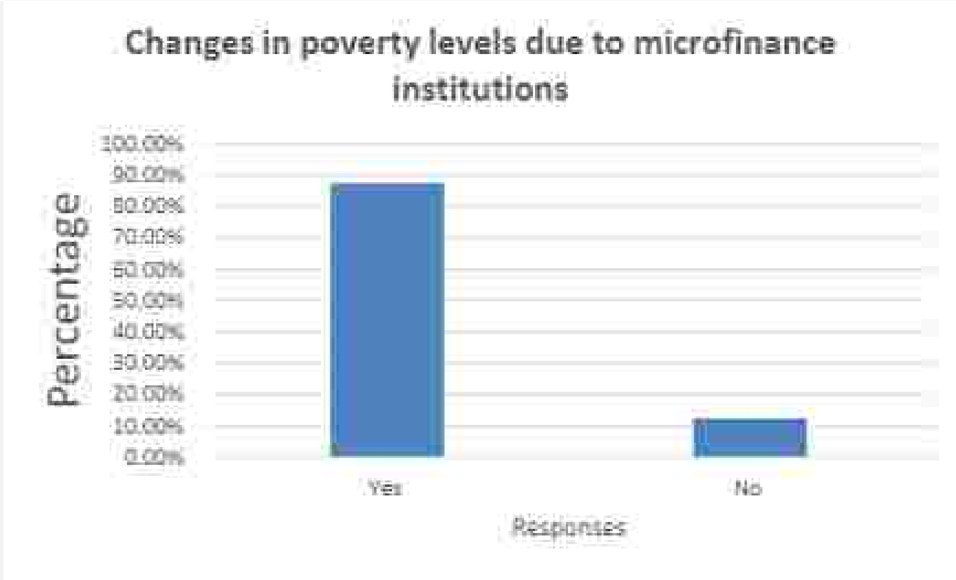


Figure 3 - Changes in poverty levels due to microfinance institutions

Table 4 – Empowerment through microfinance

Question – Have you personally experienced economic empowerment through microfinance?	**No of respondent**	**Percentage**
Yes	25	78.13%
No	07	21.87%

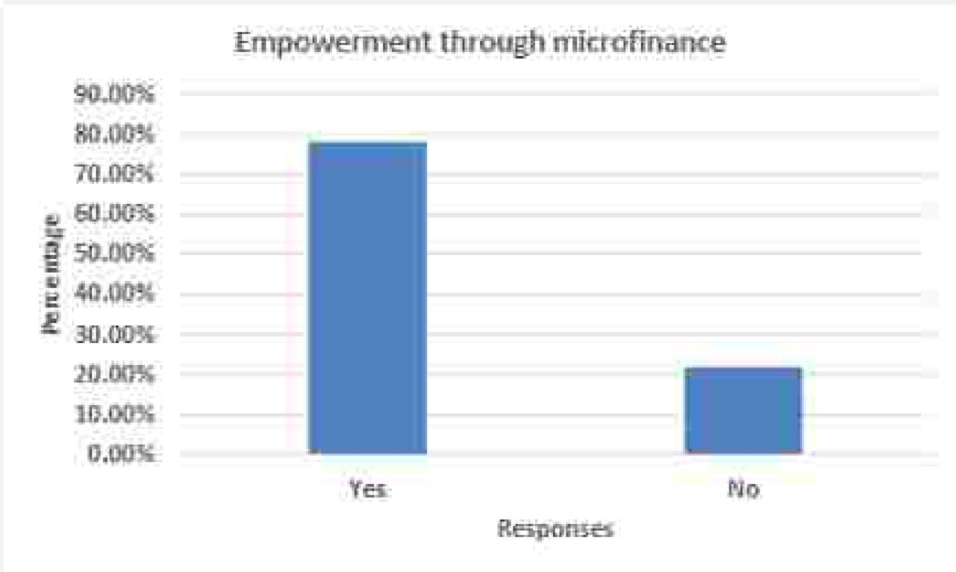


Figure 4 - Empowerment through microfinance

Table 4 – Perception of individuals about microfinance institutions

Question – Do you think the microfinance institutions is beneficial than the traditional banks?	**No of respondent**	**Percentag e**
Yes	30	95%
No	02	5%

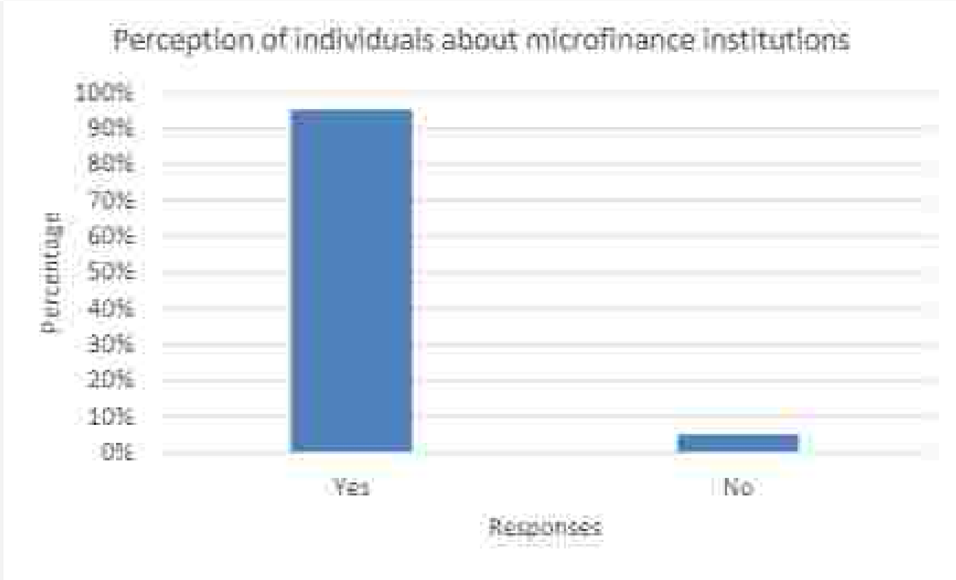


Figure 4 - Perception of individuals about microfinance institutions

Table 5 – Perception of the respondent about various products of microfinance institutions.

Question – Select the following products can availed in microfinance institutions (Respondent can tick multiple options)	No of respondent	Percentage
Agriculture loans	28	87.5%
Dairy cattle loans	27	84.38%
Consumer product loans	29	90.63%
Education loans	26	81.25%
Emergency loans	25	78.13%
Income generation loans	22	68.75%
Individual loans	23	71.88%
Mid-term loans	26	81.25%

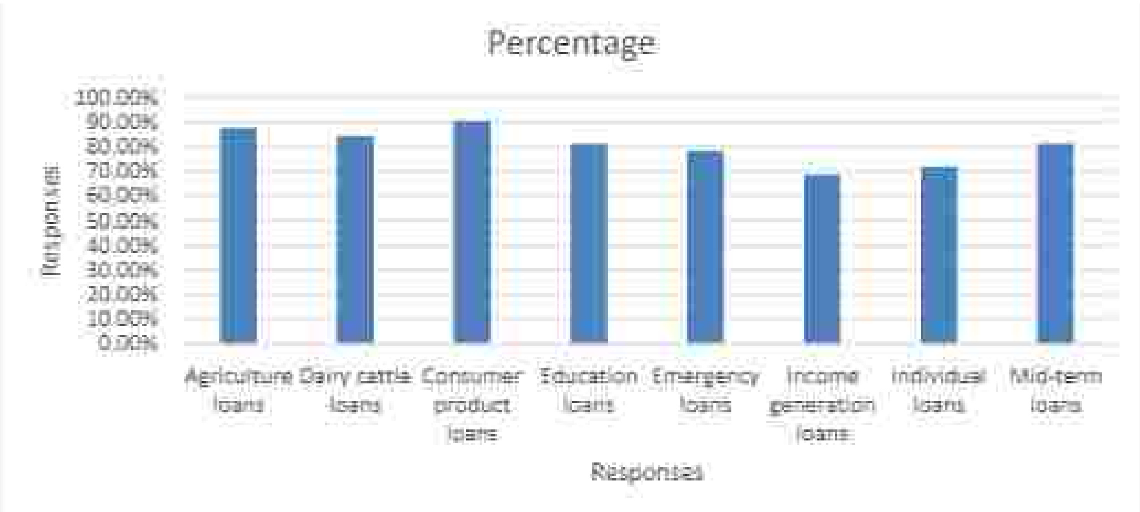


Figure 5- Perception of the respondent about various products of microfinance institutions.

9. Findings:

a. A significant majority (84.37%) of respondents in Mumbai have accessed microfinance services, indicating a widespread availability and utilization of such services in the region.

b. The majority of respondents (65.63%) perceive microfinance as very effective in reducing poverty in Mumbai. A substantial portion (25%) also considers it somewhat effective, underlining the perceived impact of microfinance initiatives on poverty alleviation.

c. A large proportion (87.5%) of respondents have observed changes in poverty levels in Mumbai due to microfinance initiatives, indicating a noticeable impact on socioeconomic conditions in the region.

d. A significant majority (78.13%) of respondents have personally experienced economic empowerment through microfinance, suggesting that microfinance services have contributed to enhancing individuals' financial independence and well-being.

e. The overwhelming majority of respondents (95%) believe that microfinance institutions are more beneficial than traditional banks, emphasizing the perceived advantages and relevance of microfinance in addressing the financial needs of the population.

f. Respondents overwhelmingly recognize the diversity of products offered by microfinance institutions, with high percentages indicating accessibility to agriculture loans (87.5%), dairy cattle loans (84.38%), consumer product loans (90.63%), education loans (81.25%), emergency loans (78.13%), income generation loans (68.75%), individual loans (71.88%), and mid-term loans (81.25%). This indicates a comprehensive range of financial solutions catering to various needs of the population, further reinforcing the perceived effectiveness and relevance of microfinance services in Mumbai.

10. Conclusions:

The findings from the survey conducted in Mumbai underscore the significant role of microfinance in driving positive socioeconomic outcomes and addressing financial challenges faced by the population. With an overwhelming 84.37% of respondents having accessed microfinance services, it's evident that these services are widely available and utilized in the region, indicating their importance in meeting the financial needs of individuals and communities.

Moreover, the perception of microfinance as an effective tool in poverty reduction is notable, with 65.63% of respondents considering it very effective and an additional 25% seeing it as somewhat effective. This perception is further reinforced by the fact that 87.5% of respondents have observed changes in poverty levels in Mumbai due to microfinance initiatives, indicating tangible improvements in the socioeconomic landscape.

Importantly, microfinance is not only perceived as effective but also empowering, with 78.13% of respondents reporting personal experiences of economic empowerment through microfinance. This suggests that microfinance services have not only contributed to enhancing individuals' financial independence but also their overall well-being.

The overwhelming preference for microfinance institutions over traditional banks, with 95% of respondents expressing this sentiment, highlights the perceived advantages and relevance of microfinance in addressing the diverse financial needs of the population in Mumbai. Furthermore, the recognition of the diverse range of products offered by microfinance institutions, as indicated by high percentages across various loan categories, underscores the comprehensive financial solutions available to cater to the varied needs of the population. In conclusion, the findings suggest that microfinance plays a crucial role in driving positive socioeconomic change, empowering individuals, and addressing poverty in Mumbai. The widespread accessibility, perceived effectiveness, and diverse product offerings of microfinance institutions reinforce their significance in fostering financial inclusion and improving the overall quality of life in the region.

References

1. Dr. Shubhra Rahul, (2021): "Role of Microfinance in Eradication of Poverty in India – Perspectives & Operations", Turkish Journal of Computer and Mathematics Education, Vol.12 No.9 (2021), 1933 – 1945
2. Prathap B N, Dr Mahesh K, Karthik K R, (2018): "IMPACT OF MICRO FINANCE ON POVERTY ALLEVIATION", Journal of Management (JOM), Volume 5, Issue 4, ISSN Print: 2347-3940
3. Promod Bhargava, Chahat Gupta, (2017): "MICROFINANCE: A TOOL FOR POVERTY ALLEVIATION", Journal of Commerce, Economics & Computer Science (JCECS), ISSN: 2395-7069
4. P. BALAMURUGAN, DR. A. SELVARAJ, (2014): "Micro Finance and Poverty Alleviation: An Analysis with SHGS Contribution", International Journal for Research in Management and Pharmacy, Vol. 3, Issue 1, (IJRMP) ISSN: 2320 0901
5. S. M. Hashemi, R. R. Schuler, and A. P. Riley, (1996): "Rural Credit Programs and Women's Empowerment in Bangladesh", World Development, 24, No. 4: 635-53.

A COMPARATIVE STUDY OF NORMAL SCHEME AND COMPOSITION SCHEME UNDER GST- CASE OF MUMBAI SUBURBAN

Mr. Ankit Vilas Bandal
Assistant Professor, Valia Chhaganlal Laljibhai College of Commerce and Lilavantiben Chhaganlal College of Arts

Abstract - *In the Goods and Services Tax (GST) framework in India, the regular and composite schemes represent distinct approaches to tax payment and compliance for businesses. Within the regular scheme, businesses are obligated to uphold meticulous transaction records, submit periodic returns, and remit taxes on their output supplies. Conversely, under the composite scheme, taxpayers are required to pay a predetermined tax rate determined by their turnover, accompanied by fewer compliance obligations. The composition scheme offers advantages such as a lower tax rate and simplified compliance procedures. However, it also comes with drawbacks such as the inability to collect tax from service recipients, the absence of input tax credit, and limitations on interstate supplies. The objective of the paper is to find whether the composition scheme is best as compared to regular scheme by taking responses from small business men.*
Keywords: *GST, composition scheme, Input Tax Credit, GST Liability, Indirect Tax*

1. Introduction

Taxation is a major source of revenue in an Indian economy. There are two types of taxation that are direct tax and indirect tax. Prior to 2017 there were various types of indirect tax which was actually a burden for the businessman specially a small businessman for compliance of those taxes. On 1st July 2017, GST was implemented in India with a tagline one nation one tax. Implementation of GST was a result of subsuming various state and central indirect taxes into GST, such as VAT (Value Added Tax), service tax, local body tax, etc.

The burden of filing various types of tax and its compliance has reduced to only one, i.e filing of GST only. With a certain threshold limit, if crossed by the business then he has to get registered under GST and pay the tax. Under GST the implementation of composition Levy scheme under section 10 of GST Act 2017, has helped various small business houses from paying tax, being competitive in the market, reduction in their expenses and saving the times from various compliances.

Composition levy under GST

Composition scheme is a very simple and easy scheme under GST for tax payers. The small taxpayers who are eligible for composition schemes have to pay a fixed percentage of tax on their turnover on quarterly basis. A taxpayer has no need to charge GST on the goods supplied by them. Also a composition taxpayer has to pay tax on quarterly basis instead of monthly basis. Person registered under composition scheme has to place a word "A composition taxable person" outside their place of business. Also in every invoice they have to mention a word "a composition taxable person, not eligible to collect tax".

2. Literature Review

Jadhav. P., (2017) points out that the Composition Scheme, which reduces compliance burden, does not extend its benefits to E-commerce businesses. Despite their significant contribution to the Indian economy, small sellers in the E-commerce sector are excluded from this scheme. The Composition Scheme eases compliance compared to the normal scheme, requiring only a single return instead of monthly, quarterly, and yearly submissions. However, this scheme is limited to certain manufactured goods and services.

Patil (2017) highlights that the Composition Scheme provides relief to small businessmen from cumbersome formalities and allows them to access goods and services at reduced GST rates without availing of Input Tax Credit (ITC).

Ranjan. D., (2020) sectors such as telecommunications, insurance, and aviation bear a heavier tax burden on consumers. Nevertheless, essential FMCG products like food items, toothpaste, tea, coffee, edible oil, and spices have become more affordable under the GST regime.

Malhotra. R, et.al, (2019) explains that even under the composition scheme, the recipient is obligated to pay GST. The Reverse Charge Mechanism (RCM) dictates that an unregistered person supplying goods or services to a registered person triggers the responsibility for the registered recipient to pay the GST. According to the study material from the Institute of Company Secretaries of India (ICSI), the Composition Scheme alleviates compliance burdens. However, this scheme is limited based on turnover and is applicable only to intra-state supplies. Moreover, it is available for manufactured goods, excluding certain notified items like Pan Masala, Tobacco, and Ice-Cream. Notably, the Composition Scheme has been expanded to include service sectors with turnovers of up to Rs 50 lakhs.

Chakraborty.S, (2020) - This study examines the issues and obstacles encountered in the new composition scheme introduced under the GST regime in India. According to the scheme, a registered dealer whose aggregate turnover in the previous financial year does not exceed Rs. 1.5 crore may choose to participate. However, in its available only special states only, this threshold is set at Rs. 75 lakh. Any individual opting for this scheme is required to prominently display the term "Composition Taxable Person" on notices or signboards at their place of business. This study primarily presents a descriptive analysis of the subject matter.

3. Research Methodology

This is a descriptive study, the primary data has been collected from the 50 small businessmen's from Mumbai Suburban region, India. Secondary data collected from various publications, study material, website, newspaper and case study.

4. Objective of Study

The objective of this study is as follows:

• To identify the relevance of the New Composition Scheme under GST.

• To make a comparative study of Normal Scheme and Composition Scheme.

5. Eligibility for the composition Scheme

5.1 Aggregate turnover limit – A person is allowed for the composition taxable scheme if their annual aggregate turnover of goods is below the given limits

Figure 1 – Threshold limit for the composition scheme

5.2 Person should not have interstate supply are not eligible for composition schemes.
5.3 Person should not have any business relating to e-commerce
5.4 Person should not be casual taxable person
5.5 Person should not sell the following goods

- Ice cream and other edible ice
- Pan Masala
- Tobacco and manufactured tobacco substitutes
- Aerated Water
- Fly ash bricks
- Bricks of fossil meals or similar siliceous earths
- Building bricks
- Earthen or roofing tiles
- Alcohol

5.6 A person supply both goods and services (other than restaurant service) are eligible for composition scheme only if their amount of service is below of

- 10% of turnover or
- Rs. 5 Lakhs

(Whichever is higher)

5.7 Person having same Pan cannot take composition scheme at one place of business and normal scheme at another place of business

6. Gst Rates Under Composition Schemes

Table 1 – GST under composition schemes

Particular	**CGST**	**SGST**
Manufacturing and other eligible supplier	0.5 percent	0.5 percent
Restaurant	2.5 percent	2.5 Percent

7. Comparative Analysis of the Composition Scheme and Normal Scheme.

Table 2 - Comparative analysis of the composition scheme and normal scheme

Particular	Normal Scheme	Composition Scheme
Compliance	Various complicated monthly returns such as filling of GSTR1, GSTR2A, GSTR3B, etc.	Simple Quarterly return
Cost	Need to maintain lots of paperwork, staff, etc.	Less requirement of paper work and staff
Supply service	Taxpayers can supply all kinds of services.	Taxpayers can only supply specific goods and services within the threshold limit.
Tax Collection	Taxpayers are required to remit GST at varying rates, contingent upon the nature of the goods or services provided.	Taxpayers have to pay GST at a fixed lower rate.
GST Payment	GST payable = Output GST – Input GST + Tax on Reverse Charge.	GST Payable = Fixed percentage on total turnover - Tax on reverse charge
Charging GST on invoices	Taxpayer has to charge GST on each and every invoices at applicable GST rate as per the nature of goods	Taxpayer is not needed to charge GST on any invoices
Interstate supply	Allowed	Not allowed

8. Data Analysis

Data was collected from 50 small business men's, out of which only 30 businessmen were aware and availed of the composition scheme. Further questionnaire was asked to those 30 businessmen.

Table 3 – Perception of small business about composition scheme

Question – Do you think the composition scheme is beneficial than the normal GST scheme?	No of respondent	Percentage
Yes	27	90%
No	3	10%

Table 4 – Perception of the respondent about various benefits of composition scheme.

Question – Select the following benefits which you feel its therein composition scheme (Respondent can tick multiple options)	No of respondent	Percentage
Reduce price as compared to normal scheme due to no need to add GST on sales	25	83.33%
Reduction in compliance	27	90%
Limited tax liability	23	76.67%
Useful for being competitive in market	22	73.33%
Cost saver	23	76.67%
Saves time	25	83.33%

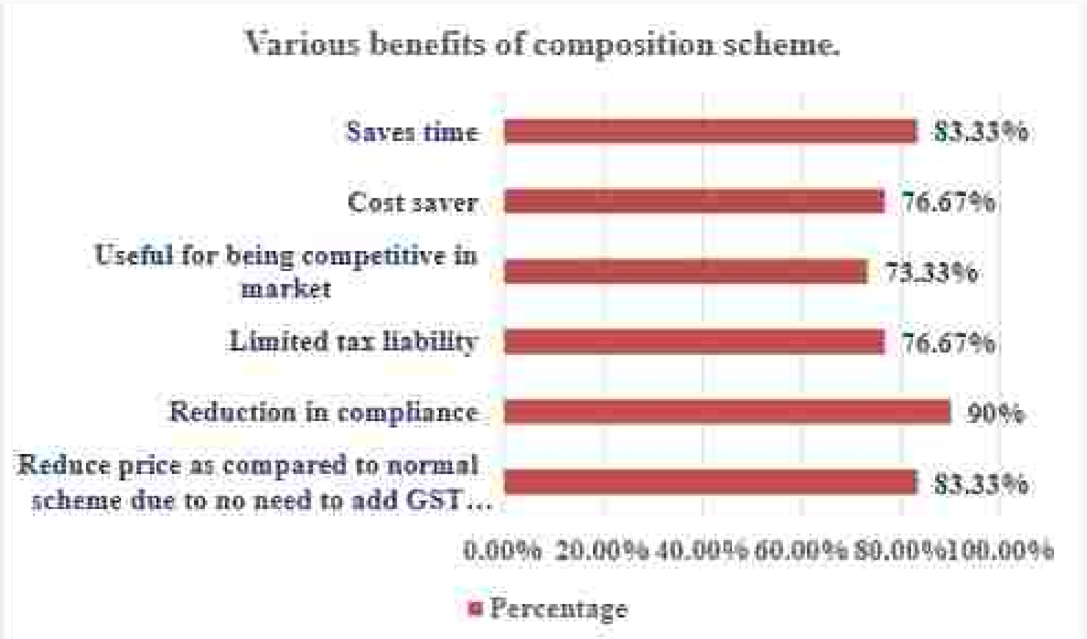


Figure 2 – Graph showing perception of the respondent about various benefits of composition scheme.

Table 5 - Perception of the respondent about various disadvantages of composition scheme.

Question – Select the following disadvantages which you feel its therein composition scheme (Respondent can tick multiple options)	No of respondent	Percentage
Composition scheme is not available for the person making interstate supply.	15	50%
Composition scheme is not available for the person selling goods through E-Commerce.	6	20%
Not useful for service provider	8	26.67%
Unable to use Input Tax Credit	19	63.33%

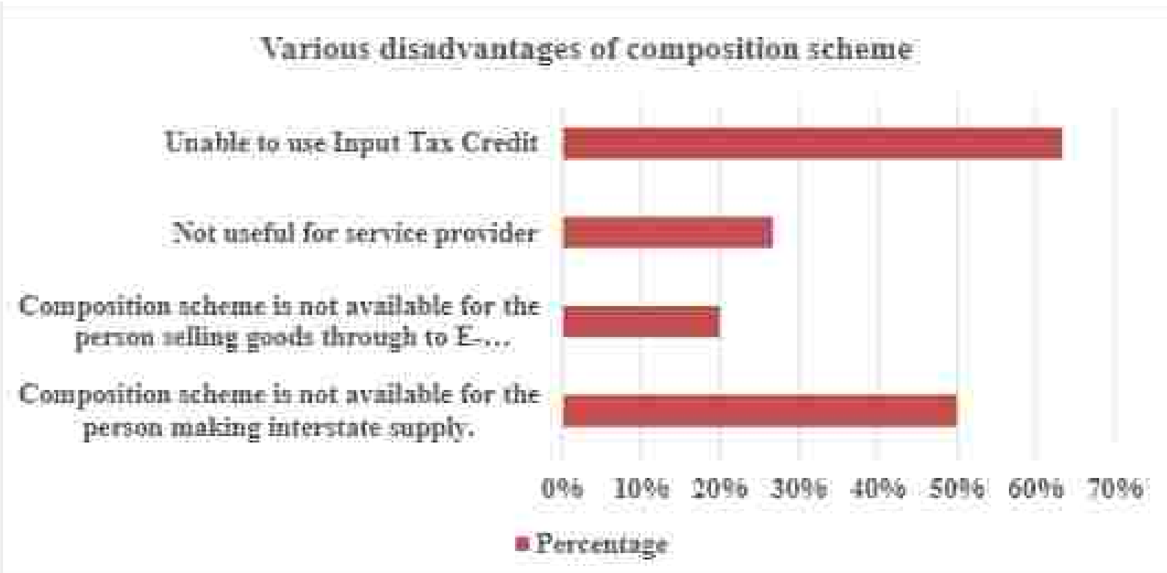


Figure 3 – Graph showing perception of the respondent about various disadvantages of composition scheme.

9. Findings

From the data analysis it was found that out of 50 respondents 20 were not at all aware about the composition scheme. Out of those who were aware about the composition scheme 90% respondents feel that the composition scheme is beneficial as compared to the normal scheme. When the respondents were asked about various benefits they felt that they were due to the composition scheme, about 90% respondents said "Reduction in compliance" is one of the benefits. Along with that, the majority of respondents agreed with other reasons such as composition scheme saves times, cost. Respondents feel that due to the composition scheme they can be in a competitive environment, as in this scheme the taxpayer is not needed to add GST in their price.

Various respondents felt that restrictions on composition schemes to interstate supply and e-commerce operators discourage them from expanding the business.

Further it was found that there is a significant difference between normal scheme and composition scheme. Also for the small business who is not involved in interstate transactions and any e-commerce transaction, the composition scheme is beneficial to them. In simple words we can say for local businessmen it is very beneficial.

10. Conclusion

The regular and composite GST schemes each present their own set of pros and cons. The regular scheme provides flexibility and enables businesses to reclaim input tax credits, yet it demands more compliance efforts and incurs greater tax obligations. Conversely, the composite scheme streamlines compliance, features lower tax rates, and caters well to small enterprises with modest turnovers. Nonetheless, it imposes restrictions on input tax credits and limits businesses from cross-border transactions. Prior to opting for either scheme, businesses should carefully evaluate their individual requirements and situation.

Reference

1. Ms Jadhav. P, (2017): "Impact of GST on E-commerce", IJERS ISSN: 2349-6495[P]
2. Patil. S., (2017): "Myth and reality of Goods and Service Tax" , International Journal of Science , spirituality, Business and technology (IJSSBT) Vol 5 ISSN(Print) 2277-7261
3. Prasad. P., (2018): "GST and Railway", Tax Bulletin Volume -30.
4. Turka. S., (2017): "Impact of Goods and Services Tax(GST) on Micro, Small and Medium Enterprises(MSMEs)", Academic disclosure, ISSN- 2278-3296, pp= 89-93.
5. Dey. R., (2020) : GST its impact on common man in India, International Journal of Management. P-ISSN2321-4643
6. Dr Malhotra. R, Kumar. R., (2019), "COMPOSITION SCHEME UNDER GST FACILITATE FOR SMALL SCALE BUSINESSES AND CONSUMERS", Journal of Critical Reviews, ISSN- 2394-5125, VOL 6, ISSUE 5, 2019, pp 401-407
7. Chakraborty. S., (2020) "A Study of Issues and Challenges in the New Composition Scheme of GST", Indo-Asian Journal of Finance and Accounting, Vol. 1, No. 1, 2020, pp. 65-77