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# Journal of Advanced Management Research

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# Journal of Advanced Management Research

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# The Impact of Social Media Advertisement of Political Parties on Voter's Decision in 2014 Lok Sabha Election.

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## ABSTRACT

Social media is vastly used in India by many users. India has the third largest online users in the world. Social Media has helped many companies influence their consumers by building & changing their perception towards their brand. Social Media websites and apps are being used for various commercial and social purposes. In the Lok Sabha election of 2014, we have seen a lot-of advertisement done by different political parties to attract more and more voters towards them and influence their perception toward them. This topic of social media's impact on voter's decision for a political party remains less researched. This research shows how Indian Political Parties have changed the perception of voters by using various social media platform for the first time in the history of Indian politics. So, for the research a valid sample of 201 respondents was taken through online platforms. The research was aimed to find the impact of social media based advertisements on the voter's decision and how effective is social media platform for advertisements as compared to other means of advertisements. Tests like regression and anova are applied to test the responses. It was found that there was a significant impact of social media advertisements done by political parties on voter's decision. Voters liked the advertisements of BJP and INC as compared to others. This shows that these both political parties made good presence in the social media platform, where BJP took a stand ahead of INC as per the effectiveness of their advertisements on voters. It has also been found that majority of the voters selected Facebook as the most effective social media platform. This research highlights that social media is future of political campaigning also is very effective.

**Keywords: Political Parties, Social Media , Voter 's Decision and 2014 Lok Sabha Election**

## I. INTRODUCTION

In the world of digitalization, anything we want can be found online. Not just this but spread of information and communication with a large crowd is possible in just a click. Different online websites like Facebook, Twitter, Whats-App, Instagram, Snapchat are being used extensively by Indians. It has been seen that the presence of audiences is more on socialMedia sites than compared to any other social media platform.

Keeping this in mind, we see that for the first - time political parties targeted this platform to reach the vast audience to advertise their political parties and to communicate their messages to attract votes. Due to this social media was filled with numerous of advertisements done by different political parties. Social networks utilize user information, they serve highly relevant advertisements (based on specific interests, behavioural interactions and other custom targeting). In many instances, when target market aligns with the user demographics, social advertising can provide easy and effective communication and reach with a lower cost.

The Indian general decision of 2014 was held to constitute the sixteenth Lok Sabha, choosing individuals from parliament for every one of the 543 parliamentary bodies electorate of India. Running in nine stages from 7 April to 12 May 2014, it was the longest race in the nation's history. As per the Election Commission of India, 814.5 million individuals were qualified to vote, with an expansion of 100 million voters since the last broad race in 2009, making it the biggest ever decision on the planet. Around 23.1 million or 2.7% of the aggregate qualified voters were matured 18–19 years. An aggregate of 8,251 hopefuls challenged for the 543 Lok Sabha seats. The normal decision turnout general nine stages were around 66.38%, the most astounding ever in the historical backdrop of Indian general races. The outcomes were announced on 16 May 2014, fifteen days before the fifteenth Lok Sabha finished its protected command on 31 May 2014. The checking exercise was held at 989 including focuses. The National Democratic Alliance won a broad triumph, taking 336 seats. The BJP won just 31.0% votes, which is the most reduced offer for a gathering to frame a larger part government in India since freedom, while NDA's joined vote share

was 38.5%. BJP and its partners won the privilege to frame the biggest dominant part government since the 1984 general race, and it was the first run through since that race that a gathering has sufficiently won seats to administer without the help of different gatherings. The United Progressive Alliance, drove by the Indian National Congress, won 59 seats, 44 (8.1%) of which were won by the Congress, that won 19.3% of all votes. It was the Congress gathering's most exceedingly terrible annihilation in a general race. To end up the official restriction party in India, a gathering must increase 10% of the seats (54 seats) in the Lok Sabha; be that as it may, the Indian National Congress was not able accomplish this number. Because of this reality, India stays without an official restriction party. The Indian general decision of 2014 was held to constitute the sixteenth Lok Sabha, choosing individuals from parliament for every one of the 543 parliamentary bodies electorate of India. Running in nine stages from 7 April to 12 May 2014, it was the longest race in the nation's history. As per the Election Commission of India, 814.5 million individuals were qualified to vote, with an expansion of 100 million voters since the last broad race in 2009, making it the biggest ever decision on the planet. Around 23.1 million or 2.7% of the aggregate qualified voters were matured 18–19 years. An aggregate of 8,251 hopefuls challenged for the 543 Lok Sabha seats. The normal decision turnout general nine stages were around 66.38%, the most astounding ever in the historical backdrop of Indian general races. The outcomes were announced on 16 May 2014, fifteen days before the fifteenth Lok Sabha finished its protected command on 31 May 2014. The checking exercise was held at 989 including focuses. The National Democratic Alliance won a broad triumph, taking 336 seats. The BJP won just 31.0% votes, which is the most reduced offer for a gathering to frame a larger part government in India since freedom, while NDA's joined vote share was 38.5%. BJP and its partners won the privilege to frame the biggest dominant part government since the 1984 general race, and it was the first run through since that race that a gathering has sufficiently won seats to administer without the help of different gatherings. The United Progressive Alliance, drove by the Indian National Congress, won 59 seats, 44 (8.1%) of which were won by the Congress, that won 19.3% of all votes. It was the Congress gathering's

most exceedingly terrible annihilation in a general race. To end up the official restriction party in India, a gathering must increase 10% of the seats (54 seats) in the Lok Sabha; be that as it may, the Indian National Congress was not able accomplish this number. Because of this reality, India stays without an official restriction party.

## II. AIM & OBJECTIVES

The study aims at finding qualitative evidence to prove the hypothesis "Advertisements on Social Media are more effective than other sources of media" and "significant impact of political advertisements on voter's decision" Social Media came into existence long back but for the first time it was used in Indian Politics to gain the attention of large audience and this was the only main reason which made the political party (BJP) to come into power after a great victory, with majority in Lok Sabha after a long time span of 30 years. This is the platform to communicate your thoughts to a diversified crowd without much effort and unnecessarily wastage of time and money

Objectives of the study are...

- i) To analyse the impact of social media advertisements of political parties on voter's decision.
- ii) To identify the sources and tools used to advertise the political party.
- iii) To find out the effectiveness of advertisements on Social Media over other sources of media communication.

## III. LITERATURE REVIEW

Rekha KG (2015)<sup>1</sup> states that for the first time a well-planned and well executed election campaign found results, this is the first time when political parties emerged with reaction of people and for the first-time new media was given ample relevance in political elections. According to Ruchita Deshpande and Dr Munmun Ghosh (2016)<sup>2</sup> BJP was the first party to recognize and adapt to the fundamental change in the composition and aspirations of voters. It capitalized on the opportunity to cast a new face to address voters' aspirations by declaring Narendra Modi's candidature. Digital crowd sourcing contributed significantly in shaping his speeches - used Facebook to crowd source ideas for his speech at Pune's Fergusson College immediately after being declared as BJP's Campaign Committee Chairman for the 2014 Lok Sabha elections. They also mentioned that the party has launched some exceptional campaigns and participatory initiatives like Mere Sapnon Ka Bharat, NaMo Number, and Chai Pe Charcha, etc. to register a presence that will be synonymous with development, growth and good governance. The Modern-day electioneering finds the political leader as the face of all campaigns, party's engagements and philosophy was said by Shikha Pathak and Raj Kishore Patra (2015)<sup>3</sup>. They have also stated that their research is a pilot project and leaves scope for further investigation and research at an extensive level. It is solely based on trends that emerged in 2014 general elections, is a longitudinal historical study and it may not be applicable in subsequent elections, also this research mainly focused horizontally and had scope for vertical study on this new trend implied by political parties. As Sehrish Mushtaq and Fawad Baig (2016)<sup>4</sup> has mentioned in their study that Political gatherings in India share control at government and state levels to speak to various phonetic, religious, ethnic and castes" gatherings and accordingly India hosts a consensual get-together framework. Fracture of Indian culture proposes energized pluralism yet as this polarization isn't simply on ideological grounds so Indian culture has highlights of direct and captivated pluralism both. Media associations adjust themselves to the objectives of various political gatherings and partners so there is outer pluralism with high political parallelism. These highlights of Indian media and political frameworks are like Democratic Corporatist model. Indian media carries the highlights of Polarized Pluralism as it is as yet attempting to create solid objective lawful specialist while bias on premise of political association is additionally a matter of concern. Media has progressed toward becoming instrument of projection in the hands of various political and corporate elites and media experts likewise look for favours from them. Putting belief system in question, business picks up are need of media experts. Partisanship in news coverage is at rise and expert esteems and morals are disregarded.

Indian media framework is predominantly nearer to Liberal model of North Atlantic nations. However, take note of that Indian media and political frameworks both are not homogenous in nature in light of much

differentiated provincial and nearby media and political framework. Keeping in mind the end goal to describe India with one bound together model, highlights of various conditions of India and relationship of media with political, financial and social powers inside those states should be assessed. The command on the greatest vote based system surveys on the planet is out and it is a notable one. Out of the blue, a non-Congress government has pulled off an avalanche triumph, and all the more imperatively out of the blue all position factors have been risen above. It is a stirred vote based system that has picked the following government. What's more, ideally, that enthusiasm will proceed through the following five years in light of the fact that the activity of a genuine popular government never ends. BJP under Modi got 282 seats and an inside and out greater part which is surely its most noteworthy ever count. The count of 44 seats for the Congress is a noteworthy low for the party. BJP has commanded the 2014 decision result with an exceptional edge. An edge, due to which without precedent for our vote based history, there is nobody single gathering that can sit in the resistance. The INC and the AAP were totally directed in larger part of the states. Outside of BJP, the main gatherings that did well were territorial powerhouse, AIADMK, Trinamool Congress, and the Biju Janata Dal. The greatest amazement, notwithstanding for the BJP, were the UP comes about, whereas tagging 71 seats were won by the BJP and the Congress left with only 2 seats. In Rajasthan, Gujarat, Uttarakhand and, Delhi, it was an entire white wash by the BJP. Just territorial satraps, Naveen Patnaik, Jayalalitha and Mamata Banerjee figured out how to hold a hang on their states. The vote rate for BJP however isn't amazing as it got just 31 for each penny of aggregate vote in 2014, yet it's surprising that however the BJP got the most minimal ever vote share it could secure a flat out dominant part. Some other critical highlights of the decision incorporate the association showed by the media, corporate houses, and nonoccupant Indians. The media was most likely never as uneven as it was amid this decision crusade. It is hard to survey the help given to Modi by Indian corporate houses as their arrangements are not exceptionally straightforward but rather there is no denying the way that they transparently upheld Modi. As mentioned in the study of Yuvaraj Deva Prasad (2014)<sup>5</sup>. According to Kavita Sharma (2017)<sup>6</sup> When contrasted with other crusading instruments a huge offer of battle use is dispensed with the end goal of political promoting and that too crosswise over different political gatherings in India. In India where decisions are challenged more based on station, doctrine, religion and territorial issues, the endeavour to make the general population educated and learned, and to have their positive activity propensities through the exceptional utilization of promoting is absolutely an issue which makes us curious about the part of political publicizing in Indian setting. This turns out to be progressively a reason of stress when the span of publicizing use is vast and even sometimes bigger than the yearly spending plan of some enormous FMCG organizations. The present paper is an endeavour to investigate the pertinence of utilizing political promoting in Indian setting. The examination explores the recognitions about the part of political publicizing in influencing voting conduct as to data inquiry and assessment, state of mind towards voting, and settling on of voting decision.

## IV. RESEARCH METHODOLOGY

### 4.1 DATA COLLECTION AND SAMPLE

### 4.2 MEASURES

For this research, the statistical tools and measurements used are Regression and ANOVA. They were used to relate the impact of advertising and voter's decision.

Likert scale is used which contains 5 options, 1 being Strongly Agree and 5 being Strongly disagree to know about the agreement and disagreement of the respondents.

This research paper was based on the primary data collected from the respondents (Voters). A questionnaire was prepared which contained 25 questions and was circulated on online platform. In the end, there were 201 valid responses which were taken to test the research's validity.

This was a quantitative research and convenience sampling was used. The secondary data was collected from various websites and magazines to gather information which was required for the research. Secondary data helped us in obtaining general information about the Indian Political System and to know about the early trends used in Indian Politics before 2014 general election.

AGE	
18-25	77
26-35	69
36-45	55
TOTAL	201

GENDER	
MALE	115
FEMALE	80
OTHERS	6
TOTAL	201

Fig 1. Demographic characteristics of the respondents.

Ordinal scale is used to know the preferences and likeability of the respondents and also to know the satisfaction level of the respondents.

Nominal scale was used to know the decision making of the respondents.

The variables used for the study are Social Media, Political Advertisements, Voter's Decision and impacts.

## V. DATA ANALYSIS & RESULT

### 5.1 RELIABILITY TEST

For the reliability of the data, a reliability test is performed to know stability, authenticity and consistency of the data. This test helps us to measure that how well the tests can be performed on the data available.

So, in Table 1 we see that Cronbach's alpha is used to measure the reliability of the data.

Table 1- Reliability Test

Reliability Statistics	
Cronbach's Alpha	N of Items
.689	19

There is a .689 i.e. 69% reliability of the data which is accepted as a good reliability to perform the statistical tools

### 5.2 HYPOTHESIS TESTING

To test the hypothesis of the research, statistical tools like Regression and ANOVA are used.

These two tests will help us to understand the relation between the dependents and independent variables.

There are two hypotheses for the study

**H1: Advertisements based on Social Media Websites are more effective than other media sources.**

**H2: There is a significant impact of Political advertisements on Voter's decision.**

The outcomes of the tests are as follows:

Table 2-

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.679a	.461	.459	.520

a. Predictors: (Constant), Did you liked social media advertisements done by political parties?

#### ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	46.104	1	46.104	170.389	.000b
Residual	53.846	199	.271		
Total	99.950	200			

a. Dependent Variable: Did political campaigns such as "Ab ki baar Modi Sarkar, Congress ka hath aam aadmi ka sath" influenced you to vote for that party?

b. Predictors: (Constant), Did you liked social media advertisements done by political parties?

In table 2 regression is performed and the output is generated. We are measuring the effectiveness of social media advertisements on Voter's decision. This is to see the influence of the ads on the voter's perception. The R-square is .461 which implies that almost 50% of the responses can be explained by the linear model. This is a significant percentage and is acceptable. We also see that in the ANOVA table the significance level is less the 0.05. This means that the hypothesis H1 is accepted as the significance level is 0.00.

Table 3-

#### Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.721a	.519	.517	.562

a. Predictors: (Constant), Do you think it is necessary for a political party to advertise themselves?

#### ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	68.064	1	68.064	215.127	.000b
Residual	62.961	199	.316		
Total	131.025	200			

a. Dependent Variable: Which of the following influenced you the most during the 2014 General Election?

b. Predictors: (Constant), Do you think it is necessary for a political party to advertise themselves?

In the table 3 we see that the regression is performed and the output is generated. This is done to understand the significant impact of Political advertisements on Voters. We note that the R-square for the regression is .519 which means that almost 50% of the responses can be explained by the linear model. This is a significant percentage and is acceptable. The hypothesis H2 is also accepted as the significance level is 0.00 which is less than 0.05 as we see that in the ANOVA table.

## VI. FINDINGS & INTERPRETATION

This research helped us to find out the effectiveness of advertisements in today's world. We see that all hypothesis of the study is accepted. We find that social media based advertisement is effective and has an impact on voter's perception. and so, this form of advertisement is being used in many fields to advertise the product. This technique of advertising a political party on social media platform helped political party to advertise themselves and also to reach to a large audience in real time. With its most effective advertisements and public support, BJP was the first party in the history of Indian Politics to use digital technology for campaigning and reaching out to the public. With this, BJP came into power with majority in Lok Sabha after a long period of 30 years.

It helps us to understand the importance of digital advertisements and this is the reason of BJP being in power today. We can see that voters give more preference to social media advertisements than the other form of media. This is because people spend most of their time on Social Media apps and the political parties took it as an opportunity and targeted the best platform for them to reach a large audience. These new tools proved to be more effective than the traditional means of political campaigns.

We found that voters pay more attention for social media because of their regular presence in Social media websites or apps. Not only that, Voters looked for the party's goodwill and the candidate's image to choose a political party.

Various sources like Facebook, WhatsApp, Twitter were used the most for the purpose of political advertisements and tools like party's symbol, Candidate's image, party's ideology was used to gain the attention of voters and to attract their votes.

With the help of linear regression, it has been seen that there is a positive impact of political advertisements on Voter's decision. Also, we have inferred that voters like advertisements on social media as with the help of linear regression it has been seen that Social Media platform is most effective than any other form of media platform. And we have also seen the result of it as well with the election result of 2014 general election. In which BJP was the party whose advertisements were found more effective and attractive for the voters as compared to other political parties. BJP and INC were the two parties who were mainly into the advertisement of their political parties.

With the response of the voters, it has been seen that many voters still don't recognize the symbol of some national political parties, maybe the reason of such could be their less presence in the media and also because of their none or less advertisements.

With the help of the effectiveness of Social Media advertisements, we can assume that this platform could be used for many purposes like to spread awareness to a large crowd, voters could be easily reached by the political parties so that regular communication could be maintained. Now-a-days social media website are flooded with advertisements of commercial websites and ads of some products or services. There is a scope for the other parties as well to showcase their work and talent on public forum so that more and more audience could be built and also trust could be built in voter's mind which could attract more votes for a political party.

This is the main reason behind the victory of BJP in central with a majority in Lok Sabha election. And we see that even people are depending on Social Media websites so much that they do shopping too from social media websites or apps. It has been seen that majority of the respondents agreed that Social Media Advertisements are affective and could influence the audience more than anything could do. And so, people are not looking at Social media platforms as an opportunity through which something or the other could be done.

## VII. DISCUSSION

This paper will help the readers to understand the new trend of advertisement which has an effective impact on the audiences. And so, it could help them to develop more new ideas which could be used or developed with the help of this platform. It will also help us to understand the effectiveness of Social Media Advertisements as compared to other media forms as per today's trend. Also, to understand the significant impact of Political Advertisements on voter's decision.

This research will be helpful in conducting further studies on these topics. This research helped to understand the importance of Social Media and its effectiveness in the field of politics, which can be used by other researchers to study about the different tools which are being used in advertising. We see that amongst all the national political parties, only two were the one with most popularity amongst the voters and so this strategy could also be used by different political parties at state level as well on which future researches can be done. As these variables are budding today, in future many researches can be done on their performance and their growth over the years.

The researchers can also research on the future scope of Social Media in different sectors and also to focus on other aspects of advertising as well to target a large audience. This paper has taught us about the strength and effectiveness of Social media website based advertisements and can further be researched for a particular party and could be done for the state assembles as well to see their method of promotion and to measure its affectivity so that future researchers could compare both and can find the best amongst all form of media communication for advertisements.

## VIII. CONCLUSION

This research has given us many valuable findings and has contributed towards the importance of Social Media based advertising. It has researched on major national Political parties who used Social Media Platform for the advertisement of their political parties to form their government in Lok Sabha. It has concluded that advertisements on social Media websites have a strong impact on the voter's decision and perception towards a Political party.

Sources like Facebook and Twitter were used the most to target the young audience as their presence is the most in social media platform. Also, tools like party's ideology, Candidate's Image, Party's Goodwill were used to change the perception of the voters towards a political party and which resulted in the victory of BJP with the most effective advertisements amongst the other political parties.

In the end, we can say that the use of social media platform for the advertisement of the political parties for election campaign was executed for the first time in Indian Political history and it has showed a positive impact of it on voters. Also, as per the voters, they found that advertisements on social media are more effective than other media sources as majority of the population are the active audiences on such websites. This method of advertising could be used in various assembly elections as well, as it is less cost effective and also vast audiences could be covered easily.

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# Social Networking Sites: Impact On The Students Academic Performance

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## ABSTRACT

This research work has been done to measure the impact of the social networking sites on the academic performance of the students. Social networking sites are providing a good platform for everyone to discuss all kinds of issues which are unnoticeable in today's world. Facebook, YouTube, LinkedIn, Skype etc are becoming more popular among present generation youth. It has become the part of daily routine to most of the people. Because of the features many of the people are getting attracted to these sites. These networking sites provide lots of information related to education, marketing, employment and so on. These sites help us to communicate with our dear ones but the other side the negative impact of the social networking sites are also very dangerous such as cyber crimes, data security and mainly a big distraction for the students. It provides entry gate to the wide network of the information and communication but once enter inside the world wide web of these sites there is no exit gate. So in this paper we focus on both positive as well as negative impact of the social networking sites on the academic performance of the youth with reference to a private institution of Bangalore city.

**KEYWORD:** social networking sites, face book, youth, impact

## INTRODUCTION:

In this world of technology where everything what we use in daily life has been digitalizing the number of people using mobile phones also has drastically increased. As this increase in usage of mobile phones also in turn increased the number of social networking sites and these networking sites are become more and more popular. Social networking sites has varieties of internet applications that allow users to create content and interact with each other. This interaction can take place in many forms, but some common types include: Sharing links to interesting content produced by third parties; Public updates to a profile, including information on current activities and even location data; Sharing photos, videos and posts; Commenting on the photos, posts, updates, videos and links shared by others.

Social networking sites is defined as websites and applications that enable users to create and share content or to participate in social networking. It is the one of the most modern and favorite form of Social networking sites including many features and social characteristics in it. It have many advantages on same channel like as communicating ,texting, images sharing , audio and video sharing , fast publishing, linking with all over world, direct connecting. It is also a cheapest fast access to the world so it is very essential for all age group of peoples. Internet use is increasing day by day.

Now a days with high rate in all over the world. Majority of youth is moving quickly from electronic media like as television viewers and radio listeners to the social networking sites among all age of group people. This activity of social networking sites has cause to a lot of problems regarding its effect on society, and it is confirmed that the social networking sites affects human beings living styles and it is a current process to find out the nature of these effects in every society and especially on youth. Shrestha lucky (2013) described that social networking sites is means of connections among people in which they exchange, create, and share information and thoughts in virtual communities and networks.

## SCOPE OF THE STUDY:

- The study is limited to the students of age group 16 to 24 years
- The study is conducted in Bangalore city for undergraduate students of private institution.
- The sample is distributed to 100 students.

## OBJECTIVE OF THE STUDY

- To find the positive impact of the social networking sites on the academic performance of the students.
- To check the amount of time students spend on social networking sites every day.
- To check the knowledge of the social networking sites that is available.
- To find out the trust level of the students over the information they share in these social networking sites.
- To find out the students awareness about the social issues that are discussed over these social networking sites.

## PROBLEM STATEMENT

This study was basically conducted to find out the impact of the social networking sites on the academic performance of the students and to check how far social networking sites are affecting the students in other aspects of the social life such as sports activities, religious beliefs, political awareness, learning and teaching process and so on.

## METHODOLOGY OF THE STUDY

Quantitative method is considered for study. The questionnaire is prepared and distributed to 100 students of different age group. Questionnaire was distributed according to Random sampling technique and it is distributed to all age group from 16 to 24 groups.

## Data Collection:

The basic problem of any statistical investigation is to collect the data relating to a particular phenomenon under study.

## Primary data:

The data which are obtained directly through various surveys, indirect oral interviews, direct personal observations, questionnaires, local agencies are primary data. The data which are collected on the first time are called primary data. These data are not published in any journals, magazines and not available anywhere. A questionnaire was prepared based on topic of the study. A printed list of simple questions expecting answers in the form YES or NO were prepared. The students are asked answer the questions.

**Secondary Data:**

Secondary data are those which have been already collected by someone else are called secondary data. These data have gone through the statistical process already. They are in the form of journals, bulletins, periodicals, reports and projects which are available for use to others.

**Techniques of collection:**

Census and sample are two techniques of collection of the data. In census method each unit of the population is included in the subject matter under investigation. in sample technique a portion of the population is selected randomly for study. A sample is finite set of population .here in study of this paper survey technique is used, population of the study here is the youth of the Bangalore district.the sample size of the study is 100 respondents .

**DATA ANALYSIS AND INTERPRETATION:**

**TABLE 1: CLASSIFICATION OF RESPONDENTS ACCORDING TO GENDER**

Sr No.	Gender	No. of respondents	% of respondents
1	Male	53	53
2	Female	47	47
Total		100	100

Source: Primary source

**INTERPRETATION**

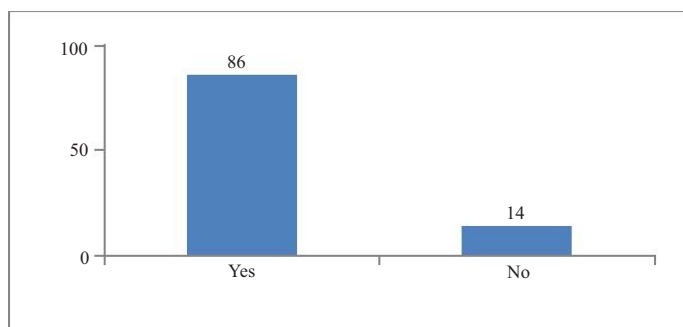
The table shows that around 47% of the respondents are female employees and 53% of the respondents are male. The question asked was regarding the gender of respondents.

**TABLE 2: THE CLASSIFICATION OF THE RESPONDENTS BASED ON USAGE OF THE INTERNET**

The question was asked to students was whether students use internet?

USAGE OF INTERNET	NO.OF STUDENTS	%OF RESPONDENTS
NO.OF STUDENTS USING INTERNET	86	86
NO.OF STUDENTS NOT USING INTERNET	14	14
TOTAL	100	100

**GRAPH2: THE CLASSIFICATION OF THE RESPONDENTS BASED ON USAGE OF THE INTERNET**

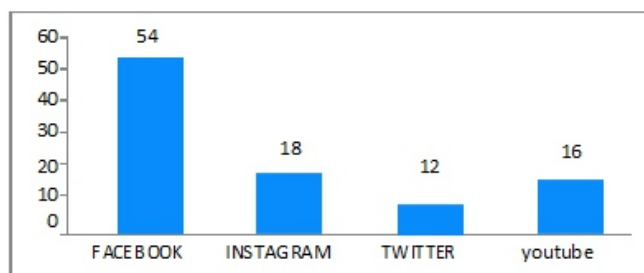


**INTERPRETATION:**

The table shows that almost 86% of the students are using internet. All these students under study are aware of these social networking sites.

**GRAPH 3: THE CLASSIFICATION BASED ON FAVOURITE SOCIAL NETWORKING SITES (SNS)**

As the usage of internet is increasing day by day the various social networking sites are coming up daily. Among the hundreds of social networking sites available the most famous social networking sites are facebook, instagram, twitter and youtube. Here the question was asked which is their favorite form of social networking sites.



**INTERPRETATION:**

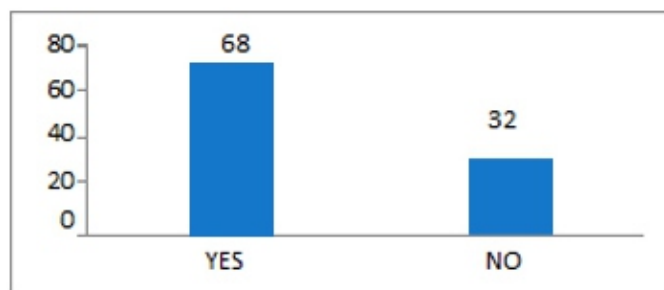
The graph shows that 54% of the students are using face book and only 12% of the students knows about twitter.

**TABLE 4: SOCIAL NETWORKING SITES ARE HELPFUL FOR TODAY'S STUDENTS IN EDUCATION?**

The social networking sites are useful in many ways. It helps in sharing the knowledge with the others. Students can create the new contents and share the links with others so that everyone can access to these links and can learn new things and also explore much new information daily.

Student Response	No. of respondents	% of respondents
Yes	68	68
No	32	32
Total	100	100

**GRAPH 4: WHETHER SOCIAL NETWORKING SITES ARE HELPFUL FOR TODAY'S STUDENTS IN GETTING INFORMATIONS RELATED TO EDUCATION?**



**INTERPRETATION:**

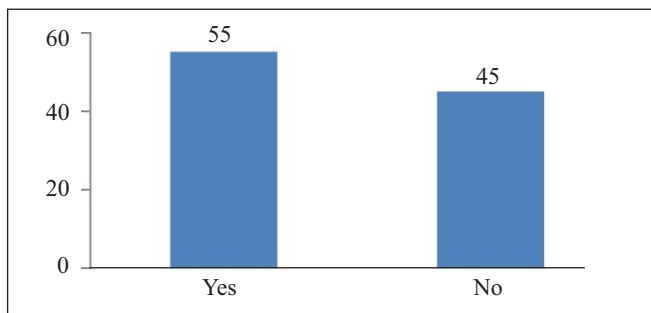
By looking at the response of the students, we can observe that 68% people told yes, that these social networking sites are helping in getting information related their education and 32 % people told No.

**TABLE 5: SPENDING TIME ON SOCAIL NETWORKING SITES IS WASTE OF TIME?**

As almost every student is using smart phones, students are spending more time on social networking sites.

STUDENT RESPONSE	NO.OF STUDENTS	% OF RESPONDENTS
Yes	55	55
No	45	45
Total	100	100

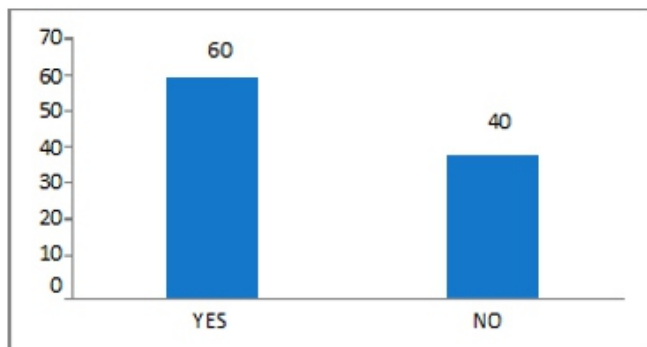
**GRAPH 5: SOCAIL MEDIA IS WASTE OF TIME?**



**TABLE 6: WHETHER SOCIAL NETWORKING SITES HAVE ANY NEGETIVE IMPACT ON STUDENTS?**

STUDENT RESPONSE	NO.OF STUDENTS	% OF RESPONDENTS
Yes	60	60
No	40	40
Total	100	100

**GRAPH 6: NEGATIVE IMPACT OF SOCIAL NETWORKING SITES ON STUDENTS**



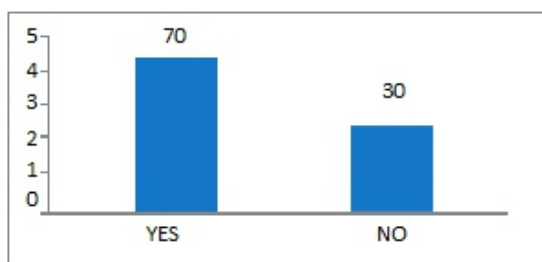
**INTERPRETATION:**

Here the question asked is social networking sites affecting negatively in the Education of students, where the 60 % people told yes and 40 % people told No.

**TABLE 7: WHETHER USING SOCIAL NETWORKING SITES ARE NECCESSITY FOR STUDENTS?**

STUDENT RESPONSE	NO.OF STUDENTS	% OF RESPONDENTS
Yes	70	70
No	30	30
Total	100	100

**GRAPH 7: WHETHER SOCIAL NETWORKING SITES ARE NECCESSITY FOR STUDENTS**



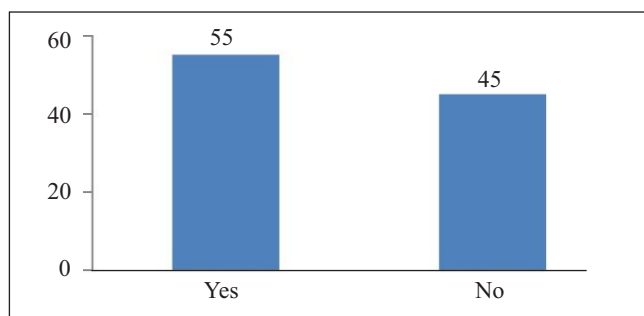
**INTERPRETATION:**

Here the question asked Is social networking sites necessary for youth, where the 70% people told yes and 30% people told No.

**TABLE 8: WHETHER SOCIALNETWORKING SITES SPREADING THE UNRELEVANT INFORMATION AND CONFUSION IN THE MINDS OF THE STUDENTS?**

STUDENT RESPONSE	NO.OF STUDENTS	% OF RESPONDENTS
Yes	55	55
No	45	45
Total	100	100

**GRAPH 8: WHETHER SOCIAL NETWORKIN SITES SPREADING THE UNRELEVANT INFORMATION AND CONFUSION IN THE MINDS OF THE STUDENTS?**



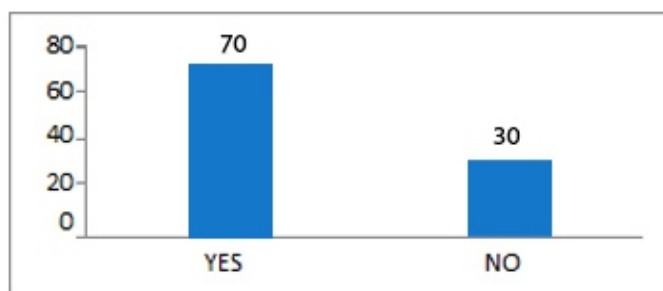
**INTERPRETATION:**

Here the question asked is Unwanted information creates confusion in the minds of youth, where the 55 %people told Yes and 45% people told No.

**TABLE 9: WHETHER SOCIAL NETWORKING SITES ARE CREATING ADDICTION IN STUDENTS ?**

STUDENT RESPONSE	NO.OF STUDENTS	% OF RESPONDENTS
Yes	70	70
No	30	30
Total	100	100

**GRAPH 9: IS STUDENTS ARE BECOMING ADDICTIVE TO SOCIAL NETWORKING SITES?**



**INTERPRETATION:**

Here the question asked is social networking sites becoming a addiction for the students , where the 70% people told Yes and 30% people told No.

**TABLE 10: WHETHER SOCIAL NETWORKING SITES ARE HELPING IN CONNECTING PEOPLE?**

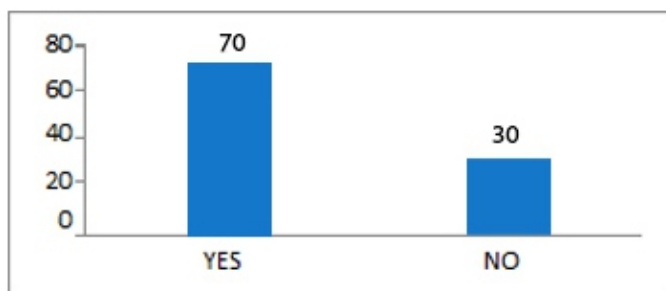
STUDENT RESPONSE	NO.OF STUDENTS	% OF RESPONDENTS
Yes	70	70
No	30	30
Total	100	100

If these social networking are used sites in proper way and effectively these may help the students in improving academic performance and also in future .

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  2. [https://en.wikipedia.org/wiki/Social\\_media](https://en.wikipedia.org/wiki/Social_media)
  3. quantitative methods for business-ii by C.M.Chikkodi and B.G.Satya Prasad
- Ranganath: *Business Mathematics, GK Publications, Mumbai.*

**GRAPH 10: IS SOCIAL NETWORKING SITES HELPING IN CONNECTING PEOPLE?**



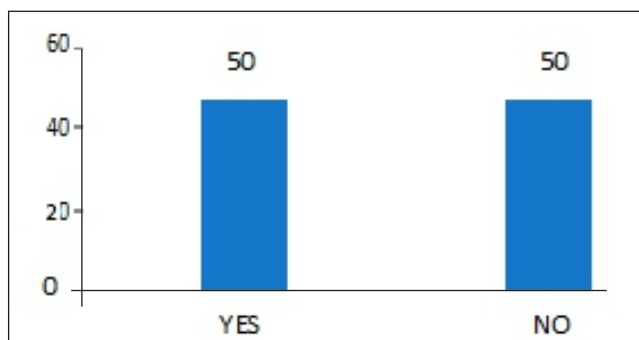
**INTERPRETATION:**

Here the question asked is Social networking sites is helpful to connect users, where the 70% people told Yes and 30% people told No.

**TABLE 11: WHETHER SOCIAL NETWORKING SITES CREATING JOBS FOR STUDENTS?**

STUDENT RESPONSE	NO.OF STUDENTS	% OF RESPONDENTS
Yes	50	50
No	50	50
Total	100	100

**GRAPH 11: IS SOCIAL NETWORKING SITES HELPING IN CREATING JOBS FOR YOUTH?**



**INTERPRETATION:**

Here the question asked is Social networking sites helps to search business for youth, where the 50 people told yes and 50 people told No.

**CONCLUSION:**

This survey was done to check the impact of the social networking sites on the academic performance as well as social life , intellectual and other factors of the students. it is very we use clear from the above study that social networking sites have both positive as well as negative impact on the students. This survey was basically done referring to FACEBOOK, YOUTUBE ,TWITTER and INSTAGRAM.

# Market Timing Ability Between Public And Private Sector In Mutual Funds In India (2011-12 to 2015-16)

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## **ABSTRACT**

Mutual funds pool the resources of small investors together, increasing their participation in financial markets, which help both inclusion and the efficient functioning of markets themselves. Second, mutual funds, being institutional investors, can invest in market analysis generally not available or accessible to individual investors, thereby providing services based on informed decisions to small investors. Decisions made on the basis of deeper understanding of risks and returns contribute to financial stability, besides helping to mitigate market risk for this group of investors. Third, transparency in investment strategies and outcomes, though typically mandated by regulators, is relatively easy to deliver on, so that investors can find out exactly where they stand with regard to their investments at any point of time. Though there are various advantages in mutual fund industry one of the main advantage which the public prevail is the timing ability of fund managers. This study reveals the comparison between public and private sector market timing ability of the fund managers.

**Key Words:** Net present value, Mutual Funds, Market Timing Ability, Return and Risk.

## **INTRODUCTION**

Mutual funds are essentially investment vehicles where people with similar investment objective come together to pool their money and then invest accordingly. Each unit of any scheme represents the proportion of pool owned by the unit holder (investor). Appreciation or reduction in value of investments is reflected in net asset value (NAV) of the concerned scheme, which is declared by the fund from time to time. Mutual fund schemes are managed by respective Asset Management Companies (AMC). Different business groups / financial institutions / banks have sponsored these AMCs, either alone or in collaboration with reputed international firms

The performance evaluation of mutual funds has been a widely discussed and researched issue in the area of finance. Harry Markowitz was the pioneer to stress the importance of portfolio, its construction and evaluation. Sharpe, Treynor, Jensen and Fama who developed and perfected the methods and measures, were all his followers whose contributions are still being considered as pathbreaking. These contributions opened up new areas for research particularly regarding the relationship between risk and return.

It is normally considered that empirical evidence on mutual fund performance confirms the original version of the efficient market theory and that expenditure on research and analysis is wasted in such a market where prevailing stock prices contain the impact of all information. Taken as a whole, the results based on the empirical studies which analysed the performance of mutual funds were contradictory in the sense that some studies supported the efficient market theory while others were found to be inconsistent with that hypothesis. The performance evaluation of the mutual funds industry is relatively new which kick-started with the tools developed and introduced by Markowitz, Sharpe and others in the 1950s and 1960s. This opened the flood-gates for numerous articles particularly in the Western countries, based mainly on the United States data.

In India, the mutual fund industry, to begin with was exclusively in the hands of the public sector, which was represented by the Unit Trust of India (UTI). Only in the 1990s private players and other public sector participants were allowed to enter the industry. Hence, analysis of mutual fund performance is of recent origin in India

Mutual funds invest according to the underlying investment objective as specified at the time of launching a scheme. Different types of mutual funds are available to the investors and they differ in their degree of risk and return. Thus, the fund has to be selected depending on the objectives

of the investor. For instance, while equity funds are good for a long term, they may not find favour with corporate or High Net-worth Individuals who have short-term needs.

## **PROBLEM OF THE STUDY**

Mutual funds are the offshoot of capital market, where even small investors are encouraged to enter and earn more than what the conventional investment instruments like bank/post office deposits, provident funds and others can provide. Even though this underscores the presence of greater risk than the conventional products nonetheless, it is less than the risk involved in the equity market. Unlike the capital market or equity market in particular, mutual fund investment is absolutely guided by a professional investment manager, who acts on behalf of the individual investor. This implies the fact that the risk exposed or the return earned by the investor is influenced by various factors which include the personal whims and fancies of the investment manager and also the equity market, money market and others.

Competition among the AMCs in attracting individual investors has not only made the former to come out with different types of funds, but also to invest aggressively to earn greater return. In most of the cases, the individual investor may not be aware about the level of risk he is exposed to or the actual areas in which his money is invested by the AMC. While the risk quotient is higher in the equity market, even the Government security market has been fluctuating due to liberalisation. Thus, income earned by the investor from his mutual fund investment may not be fixed or may not actually match his expectation. In this background, it is quite important to evaluate the performance of different types of mutual funds which are offered by different AMCs, which is attempted in this study.

## **SIGNIFICANCE OF THE STUDY**

The mutual fund industry has grown over the years, from only one AMC in the beginning to 43 currently. Naturally, not only the number of schemes, but also the types of schemes offered by them too have gone up. This has certainly attracted lakhs and lakhs of individual investors into mutual fund industry to invest their hard earned money. The investors can only choose the type of scheme in which their money needs to be invested by the AMC and they may not know the actual company or instrument in which his money is invested. Moreover, many external factors also simultaneously influence the level of return earned from mutual funds, which include the changes in the equity market, money market, Government policies regarding industries, foreign institutional investment, changes in the domestic economy, other economies, etc.

Also, the globalised economy has made greater volatility a rule rather than an exception. Hence, the individual investor do not know when to invest, where to invest, how much to invest, and more importantly, the level of risk and return he is exposed to. This calls for a thorough analysis about the market timing ability of the mutual funds in India, which is done in this study. While similar attempts have been made in the past, this study

deviates from them by: a) considering all major types of schemes, viz., growth, income, balanced, tax saving, gilt, liquid and fund of funds; b) taking a five year period, from 2011-12 to 2015-16, which is the crucial period in the mutual fund industry as it has seen many mergers and acquisitions; c) considering 150 schemes from both public and private sector; and d) comparing the returns from the schemes *vis-a-vis* two benchmarks, viz., Sensex and Nifty.

## OBJECTIVES OF THE STUDY

1. To evaluate the fund managers' market timing ability among the selected schemes;

## HYPOTHESES OF THE STUDY

1. Market timing ability of private sector's fund managers does not significantly differ from that of the public sector's fund managers.

## METHODOLOGY OF THE STUDY

This study evaluates the performance of the selected mutual fund schemes for a five year period, 2011-12 to 2015-16. For this purpose, the NAVs of the sample schemes have been gathered from the official websites of the respective AMC's or from that of Association of Mutual Funds in India (AMFI). The month end NAVs of the sample schemes have been gathered for the study period and they have been adjusted for the payouts given by the AMC's like dividends, since it is assumed that they have been re-invested. Market timing ability of the fund managers has been calculated for the selected sample schemes.

## Sampling Design

Total Schemes								
Sector	Balanced	ELSS	Gilt	Growth	Income	FoF	Liquid	Total
Public	18	52	30	213	279	8	58	658
Private	27	42	137	508	1062	92	170	2038
<b>Total</b>	<b>45</b>	<b>94</b>	<b>167</b>	<b>721</b>	<b>1341</b>	<b>100</b>	<b>228</b>	<b>2696</b>
Sample Schemes								
Public	5	6	5	10	15	4	8	53
Private	7	7	10	25	25	10	13	97
<b>Total</b>	<b>12</b>	<b>13</b>	<b>15</b>	<b>35</b>	<b>40</b>	<b>14</b>	<b>21</b>	<b>150</b>

Source: Based on the data gathered from [www.amfindia.com](http://www.amfindia.com)

## MARKET TIMING ABILITY: TREYNOR AND MAZUY MODEL

Mutual fund schemes attract investment as they are expected to beat not only the conventional financial products like provident fund, post office and bank savings, which they in fact do, but also the market. This is made possible by the fund managers who have the ability to sense the mood of the market in advance, and collect the required information about the impending market movements. This enables them to move their investment in such a way that they reduce the systematic risk, which is known as market timing ability. In other words, the fund managers can shift the overall risk composition of their portfolios in anticipation of broad price movements. Technically, market timing implies altering the beta of the portfolio return by balancing the portfolio mix of the scheme. This also implies that the differential return is generated not only by correct stock picking which is done at the individual stock level, but also by involving in market timing activities. This would suggest that the fund managers are capable of perfectly assessing the direction of change of market in the near future. Hence, by correctly timing the market, the fund managers could produce superior returns.

Treynor and Mazuy (1966)<sup>5</sup> developed a model to analyse the timing ability of the fund managers. This model used a quadratic equation to capture the relationship between the fund return and market

return. The equation is:

$$(R_{pt} - R_{ft}) = \alpha + \beta (R_{mt} - R_{ft}) + \gamma (R_{mt} - R_{ft})^2 + \epsilon_{it}$$

where,  $\alpha$  is the constant term and  $\beta$  and  $\gamma$  are the slope coefficients. According to Treynor and Mazuy, the coefficient of the squared term gamma ( $\gamma$ ) captures the fund managers' market timing ability. A positive value indicates the existence of market timing and in the absence of market timing,  $\gamma$  will be zero. In extreme cases,  $\gamma$  can also be negative, which will suggest not only the absence of timing but the timing is such that it goes against the investors' interest by earning negative returns. The calculated  $\gamma$  values need not only be positive, but more importantly statistically significant also, to underscore the presence or absence of timing.

## Market Timing Ability in Terms of Sensex

The  $\gamma$  values for all the sample schemes are calculated in terms of both Sensex and Nifty and presented along with the 't' values in Appendix A – 11. These  $\gamma$  values are classified sector and category-wise depending on whether they are significant or not and shown in terms of Sensex is given in Table – 1

The table indicates that all the 150 sample schemes produce positive  $\gamma$  values, of which the values of 25 schemes out of the 97 in the private sector (25.8 percent) are insignificant, which is 34 percent in the public sector (18 out of 53 schemes). That is, though these schemes show the existence of market timing, the returns thus generated are not significant enough to beat the market. In case of all the remaining schemes, the  $\gamma$  values are significant up to 5 percent level in both markets. This again underlines the superiority of the private sector schemes in better timing ability than the public sector schemes.

**Table – 1 Sector-wise and Category-wise Market Timing Ability in terms of Sensex, April 2011 to March 2016**

Category	Private			Public		
	Significant*	Insignificant	All	Significant*	Insignificant	All
Income	23	2	25	12	3	15
	92.0%	8.0%	100.0%	80.0%	20.0%	100.0%
Balance	4	3	7	2	3	5
	57.1%	42.9%	100.0%	40.0%	60.0%	100.0%
Growth	15	10	25	5	5	10
	60.0%	40.0%	100.0%	50.0%	50.0%	100.0%
ELSS	4	3	7	4	2	6
	57.1%	42.9%	100.0%	66.7%	33.3%	100.0%
Liquid	11	2	13	6	2	8
	84.6%	15.4%	100.0%	75.0%	25.0%	100.0%
FoF	7	3	10	2	2	4
	70.0%	30.0%	100.0%	50.0%	50.0%	100.0%
Gilt	8	2	10	4	1	5
	80.0%	20.0%	100.0%	80.0%	20.0%	100.0%
<b>Total</b>	<b>71</b>	<b>26</b>	<b>97</b>	<b>35</b>	<b>18</b>	<b>53</b>
	<b>73.2%</b>	<b>26.8%</b>	<b>100.0%</b>	<b>66.0%</b>	<b>34.0%</b>	<b>100.0%</b>

Note: \*Significant up to 5 percent level.

Source: Computed from Appendix A – 1.

In the private sector, 72 schemes come with significant result, which mostly includes income (92 percent), liquid (84.6 percent) and gilt schemes (80 percent), since in the case of balanced (57.1 percent), growth (60 percent), ELSS (57.1 percent) and FoF schemes (70 percent), the proportion of significant result is less. In the public sector, the income (80 percent), liquid (75 percent) and gilt schemes (80 percent) have produced more significant result compared to the balanced (40 percent), growth (50 percent), ELSS (66.7 percent) and FoF schemes (50 percent). Thus, among the different categories, the income, liquid and gilt schemes show much superior timing ability, and the balanced, ELSS, growth and FoF category schemes follow in that order. Hence, the private sector

shows better timing ability than the public sector, while the intra-sector comparison suggests that the income, liquid and gilt schemes are the better categories. This implies that the non-equity market (the bond market) plays a pivotal role in enabling the market timing ability of the income and balanced schemes in both the sectors.

### Market Timing Ability in Terms of Nifty

Table – 2 presents the  $\gamma$  values in terms of Nifty.

**Table – 2 Sector-wise and Category-wise Market Timing Ability in terms of Nifty, April 2011 to March 2016**

Category	Private			Public		
	Significant*	Insignificant	All	Significant*	Insignificant	All
Income	23	2	25	10	5	15
	92.0%	8.0%	100.0%	66.7%	33.3%	100.0%
Balance	5	2	7	3	2	5
	71.4%	28.6%	100.0%	60.0%	40.0%	100.0%
Growth	17	8	25	7	3	10
	68.0%	32.0%	100.0%	70.0%	30.0%	100.0%
ELSS	5	2	7	4	2	6
	71.4%	28.6%	100.0%	66.7%	33.3%	100.0%
Liquid	9	4	13	6	2	8
	69.2%	30.8%	100.0%	75.0%	25.0%	100.0%
FoF	8	2	10	2	2	4
	80.0%	20.0%	100.0%	50.0%	50.0%	100.0%
Gilt	6	4	10	4	1	5
	60.0%	40.0%	100.0%	80.0%	20.0%	100.0%
<b>Total</b>	<b>73</b>	<b>24</b>	<b>97</b>	<b>36</b>	<b>17</b>	<b>53</b>
	<b>75.3%</b>	<b>24.7%</b>	<b>100.0%</b>	<b>67.9%</b>	<b>32.1%</b>	<b>100.0%</b>

Note: \*Significant up to 5 percent level.

Source: Computed from Appendix A – 1.

The situation under Nifty is only marginally different from that of Sensex, as in the private sector, only one more scheme becomes significant and thus, 73 out of the 97 schemes produce significant result (75.3percent). In the case of the public sector too, the number of schemes with significant result goes up by one with 36 schemes (67.9 percent). But, still the private sector could produce more significant results compared to the public sector. However, there are intra-sector changes in both sectors, with the significant result declining in some categories and going up in the others, but only marginal. Thus, the overall trend of income, liquid and gilt schemes producing more significant result vis-a-vis the balanced, growth, ELSS and FoF schemes is repeated under Nifty too. The growth and FoF schemes being exposed totally to the equity market are struggling to time the market. Hence, under Nifty, both the sectors display similar performance, though the public sector is marginally better.

### TESTING OF HYPOTHESIS

**Null Hypothesis (H0):** Market timing ability of private sector's fund managers does not significantly differ from that of the public sector's fund managers.

**Alternative Hypothesis (H1):** Market timing ability of private sector's fund managers does significantly differ from that of the public sector's fund managers.

Market timing ability is another important aspect of the mutual fund schemes, wherein the ability of the fund managers' is analysed. The resulting  $\gamma$  values found from the Treynor and Mazuy model in terms of Sensex are taken as the testing variable and examined with the application of one sample t-test and the test result is presented in Table – 2.

It is observed from the table that the calculated t-value of 11.159 is statistically significant at 1 percent level and thus, the null hypothesis is rejected. This underlines the fact that there is significant difference in the market timing ability of the schemes that belong to the private and public sectors. It is already noted that in terms of Sensex, the market timing ability of the private sector schemes is better than that of the public sector schemes.

**Table – 2 Testing the Difference in the Market Timing Ability of the Sample Schemes**

Variable	t-value	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
				Lower	Upper
$\bar{\gamma}$ values (Market Timing Ability)	11.159***	0.000	15.144	9.065	21.223

Note: \*\*\* indicates significance at 1 per cent level.

Source: Computed from field survey data.

### CONCLUSION

All the 150 sample schemes produce positive  $\gamma$  values, of which in the private sector 25.8 percent are insignificant, which is 34 percent in the public sector. That is, though these schemes show the existence of market timing, the returns thus generated are not significant enough to beat the market. In case of all the remaining schemes, the  $\gamma$  values are significant in both markets. This again underlines the superiority of the private sector schemes in better timing ability than the public sector schemes.

Among the different categories, the income, liquid and gilt schemes show much superior timing ability, and the balanced, ELSS, growth and FoF category schemes follow in that order. Hence, the private sector shows better timing ability than the public sector, while the intra-sector comparison suggests that the income, liquid and gilt schemes are the better categories. This implies that the nonequity market (the bond market) plays a pivotal role in enabling the market timing ability of the income and balanced schemes in both the sectors.

The situation under Nifty is only marginally different from that of Sensex. But, still the private sector could produce more significant results compared to the public sector. The overall trend of income, liquid and gilt schemes producing more significant result vis-a-vis the balanced, growth, ELSS and FoF schemes is repeated under Nifty too. The growth and FoF schemes being exposed totally to the equity market are struggling to time the market. Hence, under Nifty, both the sectors display similar performance, though the public sector is marginally better.

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### WEB SITES

- www.amfiindia.com  
www.finmin.nic.in

# “A Study on Impact of Select Macro Economic factors on Small and Mid Cap Indices of National Stock Exchange”

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## ABSTRACT

In today's world scenario, countries' economic growth is purely depending up on the performance of industrial and service sector. Industrial growth, will not only depends upon the Multi National and high net worth companies, but also on Small and Mid Cap companies. The growth of these companies can be measured by observing the growth rate of Stock market index of these indices such as Mid and Small Cap. These will not only fluctuate due to the fundamentals of the respective stocks, but also due to changes in macro economic variables. Therefore the present study has focused on the impact of select Macroeconomic factors such as currency exchange rate, Foreign Institutional Investors (FII) and rate of Inflation on volatility of Small and Mid Cap Indices of National Stock Exchange, India. The research concludes that exchange of rupee with US Dollar has showed more impact; FII have showed least impact on both Small and Mid Cap indices. The impact of inflation is moderate on both indices.

**Key words:** Small cap Index, Midcap Index, FIIs, Rate of Inflation, Exchange Rate, Stationary of the data.

## I. INTRODUCTION

In today's world scenario, countries' economic growth is purely depending up on the performance of industrial and service sector. Industrial growth, will not only depends upon the Multi National and high net worth companies, but also on Small and Mid Cap companies. The growth of these companies can be measured by observing the growth rate of Stock market index of these indices such as Mid and Small Cap. These will not only fluctuate due to the fundamentals of the respective stocks, but also due to changes in macro economic variables. A Company with a market capitalization of between \$300 million and \$2 billion will be considered as Small Cap Company. Majority of stock analyst will not track the performance of Small Cap Companies, and that is why, the true value of good small cap stocks will remain undiscovered for long. "Small-cap stocks are like trees that have just been planted. Obviously, they will take a few years to grow and blossom. They can be good bets for the long term."<sup>1</sup> **Mid cap stocks** are issued by companies with a market capitalization between \$2 billion and \$10 billion. These stocks were less affected by broader market sentiments and possess lower operational risks when compared to small cap companies. Midcap stocks have higher potential to grow in long run. "The S&P BSE Midcap index rose nearly 30 per cent in the last two years since the Modi government took charge in May 2014, with some components rising as much as 270 per cent during this period"<sup>2</sup>. However, some small and midcaps stocks have lost steam slowly in the past 12 months. But they are still good buying opportunity on dips, feel experts. Investors have to be selective before putting their hard-earned money in these stocks. In this regard the researcher thought to analyze the impact of select macro economic factors on the performance of small and mid cap Indices that are listed in National Stock Exchange.

## REVIEW OF LITERATURE

**Bhanu Sireesha (2013)**<sup>i</sup> has carried out to examine the impact of select macro economic variables on stock, gold and silver returns by using linear regression technique. The behavior of nominal and real returns at various levels of inflation, GDP, IIP and Money Supply is studied. The interdependence of the returns on stock, gold and silver is also identified.

**Anubha Shrivastav (2013)**<sup>ii</sup> has concluded that FII did have high significant impact on the Indian capital market. FIIs and the movements of SENSEX are quite closely correlated in India and FIIs wield significant influence on the movement of SENSEX. FII'S have positive impact on BSE SENSEX and Nifty.

**Debesh Bhowmik (2013)**<sup>iii</sup> has evaluated the multidimensional framework of stock market volatility, and found that Political turmoil or instability or chaos made negative impact on stock market which spurs volatility. The stock market volatility has the negative nexus with the growth rate of a nation i.e. high volatility reduces growth rate. The international trade and stock market volatility is negatively related in the sense that volatility reduces the volume of trade and increases current account and capital account deficits.

**Rakesh Kumar (2013)**<sup>iv</sup> has made a study on relation between Indian Stock markets and macroeconomic variables. It has been established that industrial performance play significant role in influencing the stock market. Though some impact of policy rates cannot be denied but it does not seem sustainable. Market rely more on optimistic macroeconomic environment call for state's prudent efforts to maintain macro stability.

**Pooja singh (2014)**<sup>v</sup> infers that Indian stock market has significant influence of gold prices, inflation, money supply, exchange rates and foreign institutional investments. The gold has adverse effect on Indian Stock market that shows the increasing interest of investors in the precious metal.

**Mohanamani & Sivagnanasithi (2014)**<sup>vi</sup> have examined the relationship between the stock market as proxied by BSE SENSEX and a set of macroeconomic variables. It is observed that in the long run, the stock prices are positively related to interest rate as proxied by call money rate and real economic activity represented by industrial productivity. The whole sale price index has found to be negatively related to BSE SENSEX. The exchange rate between Indian Rupees and US Dollar is also turning out to be a negatively significant determinant of Indian stock market.

**M.S.Ramaratnam (2014)**<sup>vii</sup> has examined the inter-linkage between the net FII investment and stock market by applying linear regression model indicating that there is significant impact of FIIs on the BSE-SENSEX and further the study finds that there is a good relationship between the variables of FII investment made by FIIs significantly differs in terms of equity and debt segment.

**Kantesha Sanningammanavara, Kiran Kumar, and Rakesh (2014)**<sup>viii</sup> have studied the relation between Macro economic factors and Indian stock market and concluded that Interest Rate, Market Sentiments, Global factors, performance of company etc which affect the share prices of Indian Stock Market.



**Aswini and Mayank Kumar (2014)**<sup>ix</sup> have said that foreign investments have a great impact on the economy of India. Indian Stock Market, which is one of the indicators of the economic status, is also being affected by the foreign investments made. So this study has been done to validate the null hypothesis that this foreign institution investment being made in India affects the stock market condition and Indian economy as well.

**L.K. Tripathi Arpan Parashar and Swati Jaiswal (2014)**<sup>x</sup> have studied the long term relationship between selected external macroeconomic variables and different sectoral indices at National Stock Exchange (NSE). The results so obtained reveal high correlation among the variables and suggest that amongst all macroeconomic variables only Foreign Institutional Investment (FII) affects all sectoral indices however rest of the macroeconomic variables selectively affect different sectoral indices in India.

**Venkatraja (2014)**<sup>xi</sup> has shown the impact of macroeconomic variables on Indian stock market. From the study it appears that the combined influence of WPI, IIP, FII, GP and REER on BSE SENSEX is very strong. It is also noted that any variation in the value of WPI, IIP, FII and REER has strong positive influence on the BSE stock market performance. While, an increase in gold price is found causing crash in stock market and vice versa.

### Gap Analysis

The above literature has focused on impact of Inflation, GDP, Interest rates, FDI, FII, Rupee Exchange rates, Industrial production index, Money Supply, Treasury bill rates, Market rumors on NIFTY returns and not have focused on small and midcap indices. Therefore the researcher has made an attempt to find the relation and impact of Macroeconomic factors on Small and Midcap indices.

### Need for the study

Main aim of this study is to help the investors to understand and analyze the impact of macroeconomic variables on Small and Midcap Indices of National Stock Exchange.

### Objective of the study

- To study the relation between select macro economic variables such as foreign institutional investment, Currency exchange rate with US dollar and rate of inflation on Small and Mid cap indices of National stock exchange.
- To analyze the impact of select macro economic variables such as foreign institutional investment, Currency exchange rate with US dollar and rate of inflation on Small and Mid cap indices of National stock exchange.

### Hypothesis:

H01: Select variables are not stationery.

H02: There is no correlation between select macroeconomic variables on small and mid cap indices.

H03: There is no impact on volatility of small and midcap indices on select macroeconomic variables.

### Scope and Period of the study

This study is focused on the impact of Inflation, FII, Rupee exchange rates on Midcap and Small cap in NSE. Five years monthly data has been collected for the study from 01-April-2011 to 31-March-2016.

### Tools and Techniques:

In order to meet the desired objectives of this study the Researcher has used the E-Views software as a tool for calculations, and considered he following techniques:

- **Unit Root Test:** The data used for time series analysis must be stationery, which means the data over the period must be in proper order the same must be useful for time series analysis. One can use the Unit Root Test for understanding whether the data is stationery or not.

When the available data is non stationery at 'level' after making the unit root test then we should convert the same data in to first difference order and conduct the unit root test again, even then the data is non stationery then we should go for second difference order in order to get the desired data. One can analyze the results of Unit root test with the help of probability value. If the probability value is less 5% then we can consider that the data is stationery and if the probability value is greater than 5% then we can consider that the data is not stationery.

- **Correlation Analysis:** Correlation is a statistical technique that can show whether and how strongly pairs of variables are related. Correlation is any of a broad class of statistical relationships involving dependence, though in common usage it most often refers to the extent to which two variables have a linear relationship with each other. Familiar examples of dependent phenomena include the correlation between the physical statures of parents and their offspring, and the correlation between the demand for a product and its price. Correlations are useful because they can indicate a predictive relationship that can be exploited in practice.
- **Regression Analysis:** The regression analysis helps us to measure impact of Independent variables on Dependent variables. The R2value in the regression analysis calculation measure the total impact of Independent variables on dependent variable. The analysis also generates the co-efficient and corresponding probability values. If the probability value is less than 5% of a particular variable then we can consider that the independent variable has a significant impact on the dependent variable. If the probability value is greater than 5% then one can conclude that the corresponding independent variable is not significant to explain the dependent variable.

### Limitations of the study

- Data used in the study is limited as the researcher used only five years data.
- Study is restricted to three select macroeconomic factors only.

### Data analysis:

The research has made the analysis in three step process, these are as follows:

- Stationary test for the data using Unit root test
- Analysis of relationship between select macroeconomic variables and Small and Midcap Indices using Pearson's Correlation.
- Studying the impact of above mentioned variables using Regression Analysis.

### a. Unit root Test for Select Variables

c	Name of the Variable	P Value for Level Data	P Value for First Difference Data
1	Mid cap Index	0.9702	0.00
2	Small Cap Index	0.8951	0.00
3	Foreign Institutional Investors	0.0001	NA
4	Rate of Inflation	0.4644	0.00
5	Indian rupee Exchange rate with USD	0.7655	0.00

Source: Compiled data

The above table reveals that the chosen variable at level data is not stationery since the Unit Root Test

'P' Value is greater than 0.05 or 5 percent. Therefore we have no evidence to reject H01. The chosen variables are stationery at first difference, since the P value is lesser than 0.05 or 5 percent level of significance.

Hence, we can continue our research with first difference data, rather taking level data for the study.

## b. Correlation analysis between Midcap Index and Select Economic Indicators

Sr.No	Variables	Correlation with Mid cap Index	P Value	Correlation with Small cap Index	P Value
1	Foreign Institutional Investors	0.44152	0.01	0.5069	0.00
2	Rate of Inflation	-0.065069	0.07	0.0826	0.087
3	Indian rupee Exchange rate with USD	-0.501163	0.02	-0.731	0.01

Source: Compiled data

The above table shows the linear relationship between variables with each other. From the selected variables exchange rate (-0.501163) has higher relation between midcap index compared to foreign institutional investments and inflation. Foreign institutional investment (0.44152) has a positive correlation. Inflation (-0.065069) do not have prominent effect on midcap index. Inflation and exchange rate have negative correlation. The P values reveal that, we should reject H02 in case of FII and Exchange Rate and accept H02 in case of Inflation.

## C. Regression analysis

### Midcap Index with the Select Economic Indicators

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	87.624	78.44534	1.117	0.268
D(exchange)	-154.37	60.37	-2.557	0.01
FII	0.006	0.0042	1.408	0.16
D(inflation)	-28.415	56.287	-0.505	0.615

R-squared	0.282015	Mean dependent var	92.78
Adjusted R-squared	0.242852	S.D. dependent var	468.83
S.E. of regression	407.9495	Akaike info criterion	14.925
Sum squared resid	9153255	Schwarz criterion	15.066
Log likelihood	-436.3038	Hannan-Quinn criter.	14.980
F-statistic	7.201093	Durbin-Watson stat	2.084
Prob(F-statistic)	0.000367		

Source: Compiled data

The R-square value in the above table reveals that the independent variables such as D(Exchange) , FII and D(Inflation) together can predict the MIDCAP at the rate of 28.20 percent, and the rest of 71.8 percent of variations were dependent on other factors that are not included in this study. We have enough evidence to reject the null hypothesis (H03).

The above table also reveals that for every change in one unit of Inflation, FII, Exchange rate leads to -28.415, 0.006 and -154.375 points of change on MIDCAP.

### Small cap Index with the Select Economic Indicators

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	-49.92	42.93	-1.16	0.25
D(exchange rate)	39.922	24.331	1.641	0.107
FII	0.006483	0.002292	2.828	0.006
D(Inflation)	65.080	35.54251	1.831	0.072
R-squared	0.1829	Mean dependent var		24.25
Adjusted R-squared	0.1383	S.D. dependent var		273.9
S.E. of regression	254.24	Akaike info criterion		13.98
Sum squared resid	355514	Schwarz criterion		14.12069
Log likelihood	-408.40	Hannan-Quinn criter.		14.03482
F-statistic	4.1043	Durbin-Watson stat		1.810
Prob(F-statistic)	0.0106			

Source: Compiled data

The R-square value in the above table reveals that the independent variables such as D(Exchange) , FII and D(Inflation) together can predict the SMALL CAP at the rate of 18.29 percent, and the rest of 81.71 percent of variations were dependent on other factors that are not included in this study. We have enough evidence to reject the null hypothesis (H03).

The above table also reveals that for every change in one unit of Inflation, FII, Exchange rate leads to 65.080, 0.006 and 39.922 points of change on SMALL CAP.

## Findings and Conclusions

### Findings

- Exchange rate has higher relation with Midcap (-0.501163) and Small Cap (-.731336) Indices as compared to other select macro economic variables.
- Foreign institutional investment has a positive correlation with Mid cap (0.44152) and small cap (0.506931).
- Inflation rate do not posses prominent relation with small (-0.065069) and Mid cap Indices (0.082587).
- Rupee Exchange rate, Foreign institutional investment and Inflation together can predict the Midcap at the rate of 28.20 percent, and the rest of 71.8 percent of variations were dependent on other factors that are not included in this study.
- Rupee Exchange rate, foreign institutional investment and Inflation together can predict the Small cap at the rate of 18.29 percent, and the rest of 81.71 percent of variations were dependent on other factors that are not included in this study.

### Conclusion

The study concludes that the exchange of rupee with US Dollar has showed greater impact; Foreign Institutional Investors have showed least impact on both Small and Mid Cap indices. Whereas the impact of inflation is moderate on both indices.

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# Foreign Direct Investment In India: An Analytical study

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## ABSTRACT

Every country's growth is dependent upon the utilization of the scarce resources that it have. One way to multiply the growth is to increase the resources and to upgrade the technology and this can be possible by attracting the resources from various countries to the host country. Foreign investment is the concept related to the employability of the funds from the rest of the world into the host country's investment avenues that can be land, business, stock etc. Foreign investment can be foreign Direct Investment or portfolio investment. The present study focuses on the current Foreign Direct Investment framework of India, major initiatives to attract FDI in India and the countries contributed majorly in some of the core sectors of the India. Secondary data are taken for the study and it is found that liberal policy is being followed as well as various incentives are being taken by the government to attract more FDI In India and Mauritius is being the leader for so many years till now and as far as sector is concerned Service sector is highly attracted sector for foreigners to invest in India for approximately 18 years.

**Key words** - Foreign Direct Investment, Framework, Initiatives, Liberal, Portfolio.

## Introduction

Foreign Direct Investment (FDI) is an investment made by a company or individual in one country in business interests in another, in the form of either establishing business operations or acquiring business assets in the other country, such as ownership or controlling interest in a foreign company. The key feature of FDI is that it is an investment made that establishes either effective control of, or at least substantial influence over, the decision making of a foreign business. Foreign direct investment in India can be made by two routes either through automatic route or through government approved route. Under automatic route no prior permission is required by government and related agencies but through government route prior permission of the foreign promotion board, central government and other agencies is required.

## Literature Review

- **Sandeep kaur (2017)** she concluded that foreign investments boost the growth of India and India will be able to attract more FDI in future due to various new favourable norms coming in the future.
- **S. Bulomine Regi and S. Anthony Rahul Golden (2014)**, they concluded that besides many reasons like employment, capital formation, Research and development etc. FDI is the vital reason for the integration of the world economy.

## Statement of problem

After the economic reforms of 1991 and a remarkable initiative of make in india the trade and economic structure of the country got a drastic change one of them is the foreign direct investment. Over the period of time several amendments has been made in policy and various initiatives took to increase the investments from various countries in various sectors among the country, So despite having the liberal policy is there also corresponding increase in FDI from various countries towards the major sectors or not is the focus area of the research paper.

## Objectives

- To study the FDI policy framework In India.
- To determine the countries which are having highest fdi contribution in equity and to determine the sectors which are attracting highest fdi contribution in equity after make in india initiative.

- To study the major government incentives for FDI In India.

## Research Methodology

In the present study, secondary data is used & the data has been collected from websites, journals, newsletter and annual reports of Reserve Bank Of India and Department Of Industrial Policy and Promotion. The present study is exploratory cum descriptive in nature. The method of data analysis is used includes the comparison of collected data which is presented in the form of tables. Contribution in financial inclusion is compared as a relative concept. The study is limited to a sample of 3 years to compare and 18 years as a whole from 2000-2017 (up to December).

## Analysis and Interpretations

### A) FDI policy framework in India

#### 1. ROUTES

Foreign Direct Investment to India is being structured through two routes that is Automatic route and Government approved route.

- **Automatic route** - It is the route through which residents outside India may invest in India without any prior approval of the Government or without being bound to any of the stipulated terms and conditions.
- **Government approved route** - It is the route whereby if any of the resident outside India wants to invest in India has to take prior approval of the Government and must follow the stipulated Norms regarding foreign Direct Investment.

#### 2. METHODS

- **By Incorporating A Wholly Owned Subsidiary Or Company**  
When one company undertake the 100% shares of the other company and have a full or partial control over the board of directors than it is the holding of the company whose shares are undertaken.
- **By Acquiring Shares In Associated Enterprise**
- **Through A Merger Or An Acquisition Of An Unrelated Enterprise**  
The transferor and the transfer companies must consider the sectoral caps, entry routes and permitted sectors while going for merger or amalgamation.

- Participating In An Equity Joint Venture With Other Enterprise.

TABLE 2: GOVERNMENT ROUTE

S. No.	Sector/Activity	Relevant Para of Consolidated FDI Policy, June 2016	Cap	Govt. Approval
1.	Mining and mineral separation of titanium bearing minerals and ores	5.2.3.3	100%	Upto 100%
2.	Food Product Retail Trading	5.2.5	100%	Upto 100%
3.	Defence	5.2.6	100%	Beyond 49%
4.	Publishing/printing of scientific and technical magazines/specialty journals/ periodicals	5.2.8.3	100%	Upto 100%
5.	Publication of facsimile edition of foreign newspapers	5.2.8.4	100%	Upto 100%
6.	Print Media - Publishing of newspaper and periodicals dealing with news and current affairs	5.2.8.1	26%	Upto 26%
7.	Print Media - Publication of Indian editions of foreign magazines dealing with news and current affairs	5.2.8.2	26%	Upto 26%
8.	Air Transport Service – Scheduled, and Regional Air Transport Service,	5.2.9.2(1)	100%	Beyond 49%
9.	Investment by Foreign Airlines	5.2.9.2	49%	Upto 49%
10.	Satellites- establishment and operation	5.2.12	100%	Upto 100%
11.	Telecom Services	5.2.14	100%	Beyond 49%
12.	Trading - SBRT	5.2.15.3	100%	Beyond 49%
13.	Pharma – Brownfield	5.2.27.2	100%	Beyond 74%
14.	Banking- Private Sector	5.2.18	74%	Beyond 49%
15.	Banking- Public Sector	5.2.19	20%	Upto 20%
16.	Private Security Agencies	5.2.13	74%	Beyond 49%
17.	Broadcasting Content Service			
	a) FM Radio	5.2.7.2.1	49%	Upto 49%
	b) Uplinking of 'News & Current Affairs' TV Channels	5.2.7.2.2		
18.	Trading – MBRT	5.2.15.4	51%	Upto 51%

Source: DIPP

## B) Countries and sectors having highest FDI

S.No.	Sector/Activity	Relevant Para of Consolidated FDI Policy, June 2016	Cap
1.	Agriculture	5.2.1	100%
2.	Plantation Sector	5.2.2	100%
3.	Mining of metal and non-metal ores	5.2.3.1	100%
4.	Mining – Coal & Lignite	5.2.3.2	100%
5.	Manufacturing	5.2.5	100%
6.	Food Product Retail Trading	5.2.5	100%
7.	Broadcasting Carriage Services ( Teleports, DTH, Cable Networks, Mobile TV, HITS)	5.2.7.1	100%
8.	Broadcasting Content Service - Up-linking of Non-'News & Current Affairs' TV Channels/ Down-linking of TV Channels	5.2.7.2.3	100%
9.	Airports – Greenfield	5.2.9.1 (a)	100%
10.	Airports – Brownfield	5.2.9.1 (b)	100%
11.	Air Transport Service - Non-Scheduled	5.2.9.2 (2)	100%
12.	Air Transport Service - Helicopter Services/ Seaplane Services	5.2.9.2 (3)	100%
13.	Ground Handling Services	5.2.9.3 (1)	100%
14.	Maintenance and Repair organizations; flying training institutes; and technical training institutions	5.2.9.3 (2)	100%
15.	Construction Development	5.2.10	100%
16.	Industrial Parks -new and existing	5.2.11	100%
17.	Trading – Wholesale	5.2.15.1	100%
18.	Trading – B2B E-commerce	5.2.15.2	100%
19.	Duty Free Shops	5.2.15.5	100%
20.	Railway Infrastructure*	5.2.16	100%

Source: DIPP

Amount Rupees in Crores (US\$ in Million)

Ranks	Country	2015-16 (April – March)	2016-17 (April – March)	2017-18 (April,17- December 17)	Cumulative Inflows (April, 00 - December ,17)	%age to total Inflows (in terms of US \$)
1.	Mauritius	54,706 (8,355)	105,587 (15,728)	85,783 (13,348)	671,734 (124,986)	34%
2.	Singapore	89,510 (13,692)	58,376 (8,711)	59,392 (9,213)	374,434 (63,803)	17%
3.	Japan	17,275 (2,614)	31,588 (4,709)	8,140 (1,263)	150,399 (26,938)	7%
4.	U. K.	5,938 (898)	9,953 (1,483)	4,654 (720)	130,199 (25,311)	7%
5.	Netherlands	17,275 (2,643)	22,633 (3,367)	15,363 (2,383)	132,529 (23,065)	6%
6.	U.S.A	27,695 (4,192)	15,957 (2,379)	11,242 (1,744)	121,774 (22,067)	6%
7.	Germany	6,361 (986)	7,175 (1,069)	6,522 (1,012)	58,567 (10,710)	3%
8.	Cyprus	3,317 (508)	4,050 (604)	2,142 (332)	48,872 (9,488)	3%
9.	France	3,937 (598)	4,112 (614)	2,948 (457)	33,585 (6,182)	2%
10.	UAE	6,528 (985)	4,539 (675)	4,056 (628)	30,243 (5,332)	1%
TOTAL FDI INFLOWS FROM ALL COUNTRIES *		262,322 (40,001)	291,696 (43,478)	231,457 (35,941)	2,019,012 (368,053)	-

Source: DIPP

- According to this statistics it has been concluded that among so many countries in the world, India's Foreign Direct Investment is mainly ruled by Mauritius. Among past many years, highest inflow of FDI to India is from Mauritius i.e. 671,734, which is 34% of the total FDI inflows in India. Further Singapore is also playing a crucial role for the same by attracting FDI of 374434, which is 17% of the total FDI inflows followed by Japan and UK with FDI inflows of 150399 and 130199 respectively contributing 7% of the total FDI inflows. UAE has the most insignificant contribution towards the FDI inflow that is only 1% of the total FDI inflow.

## Amount Rupees in Crores (US\$ in Million)

Ranks	Sector	2015-16 (April – March)	2016-17 (April – March)	2017-18 (April,17– December,17)	Cumulative Inflows (April, 00 – December, 17)	% age to total Inflows (In terms of US\$
1.	SERVICES SECTOR **	45,415 (6,889)	58,214 (8,684)	29,819 (4,620)	346,387 (64,097)	17 %
2.	TELECOMMUNICATIONS	6,637 (1,324)	37,435 (5,564)	39,264 (6,136)	169,428 (30,082)	8 %
3.	COMPUTER SOFTWARE & HARDWARE	38,351 (5,904)	24,605 (3,652)	33,246 (5,156)	170,035 (29,825)	8 %
4.	CONSTRUCTION DEVELOPMENT, TOWNSHIPS, HOUSING, BUILT-UP INFRASTRUCTURE	727 (113)	703 (105)	2,453 (381)	117,092 (24,674)	7 %
5.	AUTOMOBILE INDUSTRY	16,437 (2,527)	10,824 (1,609)	11,202 (1,739)	103,421 (18,413)	5 %
6.	TRADING	25,244 (3,845)	15,721 (2,338)	14,649 (2,274)	99,207 (16,485)	4 %
7.	DRUGS & PHARMACEUTICALS	4,975 (754)	5,723 (857)	5,662 (878)	81,482 (15,585)	4 %
8.	CHEMICALS (OTHER THAN FERTILIZERS)	9,664 (1,470)	9,397 (1,393)	7,327 (1,137)	76,279 (14,430)	4 %
9.	POWER	5,662 (869)	7,473 (1,113)	8,912 (1,378)	68,999 (12,967)	4 %
10.	CONSTRUCTION (INFRASTRUCTURE) ACTIVITIES	29,842 (4,511)	12,478 (1,861)	16,345 (2,540)	76,720 (12,357)	3 %

Source: DIPP

- Service sector is by far the top most sector to attract highest FDI to India, further supported by telecommunication, computer software and hardware. Cumulative FDI inflows to India through service sector is 346,387 i.e 17% of the total inflows, whereas telecommunication sector has contribution of 169428 i.e 8% of the total inflows along with the computer hardware and software sector that is contributing 170035 i.e also 8% of the total inflows. Construction (infrastructure) services are the least towards contribution i.e only 3% of the total contribution.

This statistics concluded that there are only selected companies and selected sector that are basically contributing towards India's Foreign Direct Investment but there must be higher contribution by the rest of the sectors too for comprehensive development of country".

### C) Major Government Incentives

Area based incentives - for units set up in special areas like Jammu and Kashmir, Himachal Pradesh etc

Sector specific Incentive

Export incentives like duty exemption etc

Exemption to units set up in special economic zones, National investment and manufacturing zones and export oriented units.

State government differentiated incentive policy - different in each state

Stamp duty exemption, exemption of VAT etc

Investment allowance of 15% to manufacturing units which invest more than INR 1 billion in plant and machinery till to 31-3-2015

States to strengthen single window clearance system

Convenient approval mechanism for FDI by ministry of commerce and industry.

Infrastructure development in India's North Eastern states by alliance with Japan

Exemption by CBDT for ESOP, FDI and court approved long term capital gains.

### Conclusion

Hence it can be concluded that After economic reforms of 1991 India's FDI has taken a shift tremendously. With the central and state government's combined effort India has become the most attractive destination for investment by the rest of the world. Among the countries Mauritius seems most interested in India's investment avenues and among the sectors service sector has succeeded to attract highest FDI. Simplification of procedures and creation of infrastructure is being focused by the Indian government to make India a more vulnerable destination for FDI.

### Suggestions

- More efforts should be done to improvise the infrastructure so that India could become a favourable Destination for the foreign investors.
- India's tax procedures are a bit complex to be followed by the corporates and investors who are not resident in India, so simplification of the tax procedures should be there.
- The procedure of investment in India and the stipulations should be a bit convenient so that procedural inefficiency can't be a hurdle in Foreign Direct Investment.
- Many sectors in India have further scope of FDI, but due to low equity caps they are untapped so equity caps expansion must be there.
- Human resource is that active resource which can make judicious use of passive resource, so the more skilled and efficient labour can attract higher FDI to India.

### Limitations Of The Study

The study is limited to a sample of 3 years for comparison and 18 years as whole. Hence more evidences will be needed in order to generalize the results. The study has a further scope of research.

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# “How Branding Affects The Decision Making Of The Consumers: A Case Study In Christ University, Bangalore”

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## **ABSTRACT**

This research paper is an attempt to find out whether branding affects the decision making of the customer or not and also to find out whether there is a strong relationship between the brands and the customers using the hypothesis test. In this paper we have made an effort to evaluate the likes and dislikes of the consumers. We are taking the hypothesis test as it is considered good for figuring out the relationship between the consumer's decision making and the different effects of branding. The variables considered include social status, brand loyalty, budget constraints and comfortability. Our main source of collection is through questionnaires and personal interviews. The results of this research predict that branding does influence the decision making of the consumers.

**KEY WORDS: Branding, decision making and consumers**

## **1) INTRODUCTION**

**1.1)** Consider a situation where the consumers live in a market where there are a lot of products which cannot be differentiated by the consumers because there are no means of distinguishing a product from one and other. The manufacturers will have to use a method to differentiate their product with another product because this can help the consumers to differentiate the product they want from that of others.

This is where branding comes into effect. According to Keller, a brand is “a product, but one that adds other dimensions that differentiated in some way from other products designed to satisfy the same need. These differences must be rational and tangible related to product performance of the brand or more symbolic, emotional and intangible related to what the brand represents.”

**1.2)** From the above definition we can state that branding is a process, by which the companies try to create a unique image, logo, symbol or a combination of any of these which helps the consumers differentiate itself from the other companies. Living in an era where branding is one of the major success for a company's growth, branding is truly a unique way of helping the companies find a way to increase the sales of its products. Branding is very effective in the field of commerce and industry.

**1.3)** there are five things a company must do to differentiate its brand from the others. They are: 1) Presence, 2) Relevance, 3) Performance, 4) Advantage and 5) Bonding. Presence is where the companies must use different strategies to make its presence felt by the consumers. The companies must make sure that consumers know what brand they are looking for. Relevance is where the companies must show the consumers that it can offer something, even if it's of a lower degree of specialization, to its consumers.

Performance is where the companies must show the consumers that it can perform and deliver better. This may help the companies because people will start trusting that company and this will lead to a higher boost to its growth in the competitive industry. Since the performance of a company is good, there will be an “ADVANTAGE” for the company as it has the consumer's trust. The company will now try to diversify its

products. This will lead to a higher degree of specialization of their products and this in turn will increase the company's growth to a higher level. At last, the consumers will share a “BOND” with that company as the company had grown to such a level that the consumers will buy their products only from that company.

**1.4)** Since branding plays an important role in the field of commerce and industry, we will find out how branding helps the company to sell their products by using different types of branding methods like name brand recognition, individual branding, attitude branding, private labels, crowdsourcing, etc. The aim of this research paper is to find out how brands are selected by the students of Christ University, Bangalore; this aim also serves as the research question of this study. Christ University is located in the capital of Karnataka, Bangalore. The reason why we have taken Christ University is because the students of Christ University can give us good information of how they select their brands which is the main purpose of our study. We are going to conduct a primary research on how the students choose their brands through questionnaires which will ask them about their style of making decisions while choosing their brands. We will also find out more about it by taking a personal interview of the students. This study shows how branding has its effects on the decision making of the consumers.

## **2) LITERATURE REVIEW**

**2.1)** Branding is an art of setting a platform for a product or service to be sold at a fast moving rate in the competitive market. (Ogbuji et al, 2011) conducted a research on bottled water and after deep analysis they came to a conclusion that branding is a veritable tool for positively influencing consumer choice and its influence is stronger than the product quality. They also stated that all elements of branding do not have equal effect on consumers' choice.

Branding plays an even more vital role than product design of various products and services. This is because even if the customer is loyal to a brand, he/she will buy it no matter how good or bad the design looks. (Abdurrahman et al, 2015) states that brand creates consumer awareness and desirability that can facilitate consumer decision making

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an active brand purchase. The brand influences the customers through past experiences towards certain brands directly or indirectly.

2.2) (Naeem Akhtar et al, 2016) had done a research on L'Oreal skin care products and they came to a conclusion that if the companies want to influence the purchase decision of its customers then they should give proper attention towards its method of branding. They stated that once a customer is influenced by a particular brand it is difficult for the customer to go for a different brand as the customer has already gained a trust of that brand.

2.3) (Bhuvan Lamba) came to a conclusion that the companies have opportunities to grow up faster with the industry growth by tying up with foreign brands to increase their market size with the collaborations through FDI which helps them to promote their brand name in the market.

2.4) (Fatima Sarwar et al, 2014) concluded that people are now switching from local products to branded products in order to show their status, power and wealth. They also stated that people tend to become more loyal to specific brands but brand switching increases with age due to low income problem of aged consumers.

2.5) (Baba et al, 2014) came to a conclusion that consumers are very much enlightened about the various brands in the market and as such their mage is very crucial when it comes to making a purchase decision especially the first time. They have also stated that the purchasing decision of the consumers is also very much influenced by family and friends.

2.6) (Egle, 2014) states that it is important to be aware of what purchase behavior tendency dominates in certain country. He also stated that new communication strategies and methods can be implemented according to different age groups. He also states that people are satisfied buyers with switching costs.

2.7) (Hasan Kalyoncu et al, 2016) concluded that luxury goods provide private for consumers and symbolize social codes. Since the luxury goods has grown competitively with a high level of innovation improving non price completion factors such as services and quality, there are high chances of counterfeit products produced and the consumer would have a dominating tendency of buying the lesser priced associated with the same level of prestige status and pride. If the marketer can understand the consumers motivation factors towards the luxury goods it would help him to develop better marketing strategies.

2.8) (Henrieta et al, 2015) had stated that brand is the factor which has an impact on consumer purchase decision making process. Brand provides information about products and creates association that affects the mind of the consumer in purchase process. He also stated that a brand represents a certain value in the mind of the consumer.

2.9) (Dr Jane, 2012) had said that reducing the branded elements displayed on packing has a detrimental effect on consumers ability to find and choose the brands they are looking for. They also suggested that copycat branding has a strong detrimental effect on consumers as copycat brands slow down brand recognition and can even cause consumers to make errors, mistakenly selecting the copycat brand in place of the brand their looking for.

2.10) (Mohammed Alamgir et al, 2010) said that a well know brand are very famous amongst the people as they trust the brand name this also indicates that people often purchase well-known brands since their aware of the brand performance or perhaps they had a good past experience about the brands. They also concluded that majority of the people purchase the branded products with the belief that brands show their status and lifestyle in the society.

### 3) RESEARCH METHODOLOGY

#### 3.1) RESEARCH OBJECTIVES

1. To find out how the impact of branding has its effects on the students of Christ University.
2. To find out the brand awareness among the students of Christ university.
3. To find out
4. He tastes and preferences of the students of Christ University.
5. To find out the brand loyalty of the students of Christ University.

This research paper is intended to overlook the impact of branding, brand awareness, tastes and preferences and the brand loyalty of the Christ University students.

#### 3.2) SAMPLE AND SAMPLE SIZE

The sample we are taking is the students of Christ University and the sample size we are taking is 100 students.

#### 3.3) PERIOD OF STUDY

The period of study is from December 2017 to February 2018.

#### 3.4) Data

Our data is going to be a descriptive analytical and qualitative. We are going to collect our data through questionnaires and personal interviews with the students.

#### 3.5) LIMITATIONS

- 1) We are confining our research paper towards the clothing line.
- 2) Our main focus is on formal clothes.
- 3) This is because branding as a whole is a very vast subject to cover.

#### 4) ANALYSIS

After we received valuable input from the students of Christ University we are going to conduct a hypothesis test to find out:

1. If branding does influence the consumers preferences or not.
2. If branding increases their social status or not.
3. If the students of Christ University are loyal to a particular brand or not.

#### 4.1) HYPOTHESIS TEST 1

**Aim:** Our aim is to analyze the effect of branding on the students of Christ University.

**Observation:** We have observed that fifty one students have been influenced by branding whereas forty nine students have not been influenced by branding.

**Statement:** Here we are using the test for population proportion as we are comparing two attributes. We are taking  $P = 0.5$  as the attributes are closely related to each other.

Therefore, the hypotheses statements are:

**H<sub>0</sub>:** We can assume that branding does influence the students of Christ University, i.e.,  $P=0.5$

**H<sub>1</sub>:** We can assume that branding does not influence the students of Christ University, i.e.,  $P \neq 0.5$  (Two tailed test)



Test statistic (Z) =  $\frac{p - P}{\sqrt{P(1-P)}}$

Here, we take  $n = 100$ ;  $x = 51$ ;  $P = 0.5$  and  $\alpha = 5\%$  (level of significance)

Therefore,  $p = \frac{x}{n} = \frac{51}{100} = 0.51$

Also,  $Q = 1 - P$

Therefore,  $Q = 1 - 0.5 = 0.5$

Therefore, Test statistic (Z) =  $\frac{0.51 - 0.5}{\sqrt{0.5 \times 0.5}}$

i.e., test statistic (Z) = 0.2

Therefore, at 5% level of significance, the critical values are  $[-1.96, +1.96]$ . Since,  $Z_{cal}$  value lies within the area of acceptance,  $H_0$  is accepted.

Conclusion: we can assume that branding does influence the students of Christ University.

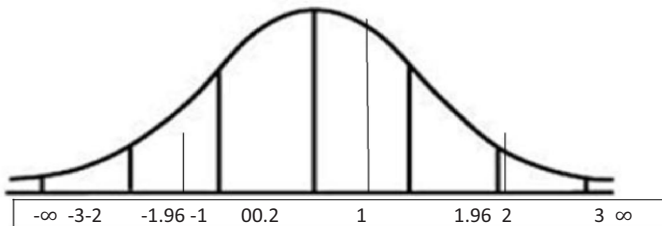


Fig.1: bell curve about whether branding influence the students of Christ University

### 4.2) HYPOTHESIS TEST 2

**Aim:** our aim is to analyze if branding increases the social status of a person or not.

**Observation:** we have observed that 58 students had said that branding increases their social status whereas 42 students had said that branding did not increase their social status.

**Statement:** Here we are using the test for population proportion as we are comparing two attributes. We are taking  $P = 0.5$  as the attributes are closely related to each other.

Therefore, the hypotheses statements are:

$H_0$ : branding increases the social status, i.e.,  $P = 0.5$

$H_1$ : branding does not increase the social status,  $P \neq 0.5$  (Two-tailed test)

Test statistic (Z) =  $\frac{p - P}{\sqrt{P(1-P)}}$

Here, we take  $n = 100$ ;  $x = 58$ ;  $P = 0.5$ ;  $\alpha = 5\%$  (level of significance)

Therefore,  $p = \frac{x}{n} = \frac{58}{100} = 0.58$

Also,  $Q = 1 - P$

i.e.,  $Q = 1 - 0.5 = 0.5$

Therefore, test statistic (Z) =  $\frac{0.58 - 0.5}{\sqrt{0.5 \times 0.5}}$

i.e., Test statistic (Z) = 1.6

Therefore, at 5% level of significance, the critical values are  $[-1.96, +1.96]$ . Since,  $Z_{cal}$  value lies within the area of acceptance,  $H_0$  is accepted

Conclusion: branding increases the social status.

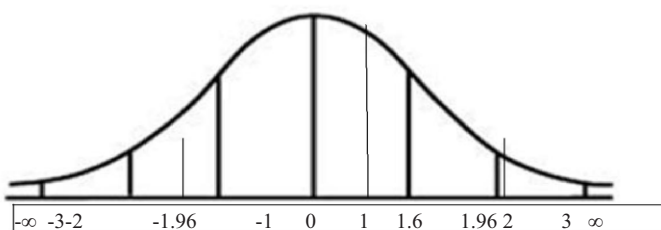


Fig 2: bell curve about whether branding status or not increases the social status

### 4.3) HYPOTHESIS TEST 3

**Aim:** our aim is to analyze if students are loyal to a particular brand (brand loyalty).

**Observation:** we have observed that 56 students had said that they are loyal to a particular brand whereas 44 students had said that they are not loyal to a particular brand

**Statement:** Here we are using the test for population proportion as we are comparing two attributes. We are taking  $P = 0.5$  as the attributes are closely related to each other.

Therefore, the hypotheses statements are:

$H_0$ : students are loyal to a particular brand, i.e.,  $P = 0.5$

$H_1$ : students are not loyal to a particular brand,  $P \neq 0.5$  (Two-tailed test)

Test statistic (Z) =  $\frac{p - P}{\sqrt{P(1-P)}}$

Here, we take  $n = 100$ ;  $x = 56$ ;  $P = 0.5$ ;  $\alpha = 5\%$  (level of significance)

Therefore,  $p = \frac{x}{n} = \frac{56}{100} = 0.56$

Also,  $Q = 1 - P$

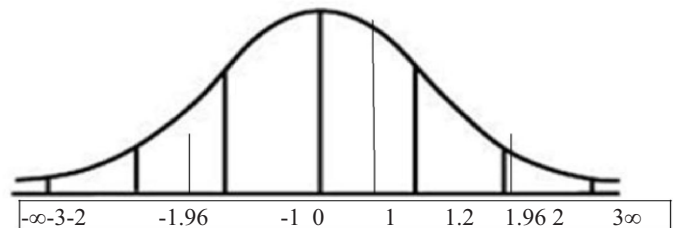
i.e.,  $Q = 1 - 0.5 = 0.5$

Therefore, test statistic (Z) =  $\frac{0.56 - 0.5}{\sqrt{0.5 \times 0.5}}$

i.e., Test statistic (Z) = 1.2

Therefore, at 5% level of significance, the critical values are  $[-1.96, +1.96]$ . Since,  $Z_{cal}$  value lies within the area of acceptance,  $H_0$  is accepted

Conclusion: students are loyal to a particular brand (brand loyalty).



### 5) FINDINGS

This research intends to find out how branding affects the decision making of the consumers. As we know, in today's world, branding plays a huge role in the decision making of the consumers. When our respondents filled the questionnaire, we found out that most of them were not that enthusiastic to wear branded clothes to college. When we asked them the reason for not having that much enthusiasm in wearing branded clothes they said that brand doesn't matter that much and comfort was their utmost priority. When questioned what their two favorite brands were amongst all the brands Allen Solly and Van Huesen. When we enquired as to why they like those particular brands so much they said that it looked stunning and was very comfortable to wear.

When we asked them whether they buy clothes according to a certain budget or if they have no budget constraints. Most of them replied that they buy clothes according to a certain sum of money. And when we asked them whether they wear branded clothes to college just to flaunt it off or if they were very particular of wearing a certain brand to college. We got more response from people saying that they were particular of wearing a certain brand to college. When we asked them why they were particular about the specific brand they told us that they have lot of brand loyalty and like the material and texture of the clothes the brand provides.

We also asked them if they felt the urge to buy branded clothes also after seeing other people wear them or not. Most of their response was that they did not feel the urge to buy branded clothes after seeing other people wear them. At the end we asked them a very crucial question which our research paper is based on. We asked that if branding affected their decision making or not. It was very hard to differentiate between the two but at the end branding slightly had the upper hand against those who were not affected by branding. We came to a conclusion that branding

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played a huge role in the decision making of the students of Christ University. At the end of the day everyone loves wearing branded clothes whether they accept it or not.

## 6) CONCLUSION

We are concluding our research paper based on the following points:

- Branding plays a vital role in decision making of the consumers as it builds good relationship with customers through its unique qualities like packaging, advertising and so on.
- From this we can observe that the consumers are choosing branded products over local products the main reason for this is that people want to show their wealth and status and power.
- We can also observe clearly from the above findings that consumers are loyal to a particular brand due to their brands performance over the years. The brands have given their assurance that they will live upto the customers' expectations and will not let them down. This plays an important factor as to why consumers are loyal to their brands.
- Most of the consumers tend to associate themselves with a brand. This is mainly because of the way the brands advertise their products to the customers. For example, when Virat Kohli first launched his very own brand one8 in Delhi. A lot of youngsters were attracted by it not only because of the way it looks but also mainly due to his high position as the Indian cricket captain. By this we can say that even big superstars influence the customers to buy various brands they endorse.
- Branding is a veritable tool for positively influencing consumer choice and its influence is stronger than product quality. For example when a person see's someone who uses a particular brand the person naturally gets the tendency to get attracted to that brand.

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# Factors Affecting Investors Decision Making Behaviour: An Analytical Review

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## ABSTRACT

In everyone's life, money plays an important role in this modern area. Investors have to invest their money in order to cope up with future problems. The investors prefer to invest in the various investment avenues, depending upon their need, risk taking ability, and return expected from investment. As every individual is different from others due to the different factors such as demographic, social, economic, psychological and organizational; same is with the investors. The investors faced the challenge of investment decision. The previous studies conclude the importance of various factors in the investment decision making behaviour. In this study, an attempt has been made to identify the factors affecting the investor decision making behaviour with the help of various extensive literature reviews. It was concluded that demographic (age, gender sex), economic (price, tax rates interest rates), social (media internet), psychological (confidence, risk tolerance) as well as organization (pay scale, job security, working conditions) factors affects the investor decision making behaviour.

**KEYWORDS:** Investment decision making, investment behaviour, Factors affecting investment.

## 1. INTRODUCTION

Every country depends upon the existence of a well developed financial system for their economic development. For the production of goods and services in order to promote the well being and standard of living of people of country, it is the financial system which supplies the necessary financial inputs. The money and money assets are major assets traded on the financial system. It is the responsibility of the financial system is to mobilize savings in the form of money and monetary assets and invest them in productive ventures (Seikh, 2011).

Investment in the broadest sense refers to those processes or actions for investing money for earning a profit. Investment refers to that funds which are invested as capital and other securities of either public or private sector for earning more money (Patidar, 2010).

Investment behaviour refers to the attitudes and perception and willingness of the individuals and institutes in placing their savings in various types of financial assets, more commonly known as securities (Nayaki, 2013)

## 2. LITERATURE REVIEW

**Barna et.al (2010)** conducted survey on the study of determinants of investor's behavior and concluded that family environment had an effect on the behavior of young individuals but this effect was not long lasting and disappeared as an individual gained experience. It was also stated that age, gender, education were also important determinants of individual investment behavior. **Jain et.al (2012)** had made research on the study of saving and investment pattern of school teachers of Udaipur district. The study was done on the sample of 100 private and government school teachers. It was concluded that the main factor which influencing the investment decision was high interest rate. **Geetha et.al (2011)** studied the people's preference in investment behavior and it had been undertaken with the objective to analyze the investment preference of people in Kurumbahar and concluded that all male and

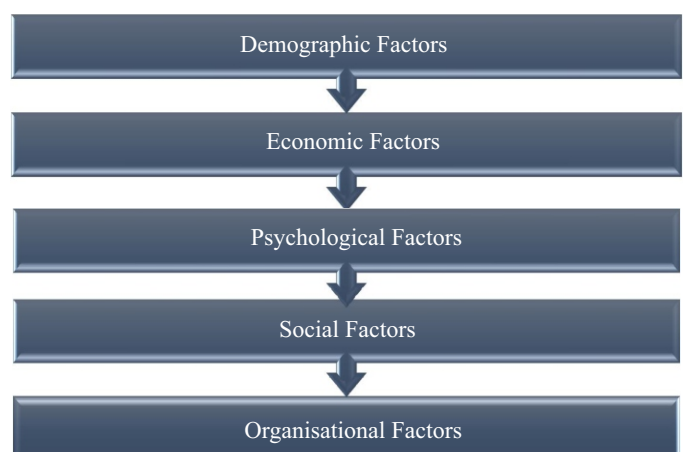
female respondents were giving most preference to insurance, PPF and Bank deposits etc. It was also concluded that all the age group were given more preference on investing in insurance, Post Office Savings, PPF and Bank deposits and the second more preferable investment avenue was gold others like equity, mutual funds and real estates. In this survey 51.9% people responded the question was below 30 and second responded people were above 31. Above 50-60 age group were covered only 8.1% for that reason study cannot able to analysis senior citizen behavior in investment. Thus it was concluded that there was not significant relation between investment avenues and gender and age group. It was also found that maximum earners were lying in occupational followed by private sector employees, public sector employees, Self-employed and professional belonging, not employed taken out of sample. It was also found that out of total respondents 55.7% of private employee, 29.5% of self employee and 16.2% of public sector employee. It was also concluded that there was not significant relation between investment avenues and occupational level. It was also concluded that the saving behavior of the respondents on invest 48.1% of respondents saving level was less than Rs. 20,000. Even though they tried to invest their money on investment avenues and high level saving of the respondent's ideas and themes also nearly to some performance. It was thus concluded that there was not significant relation between investment avenues and saving level. **Singh et.al (2011)** had made study on the determinants of investment decisions of working women and had found that working women rank basic saving purposes to be foremost consideration while investing. While investing, the family related matters such as children education, children marriage, life protection and medical expenses had a much more impact on the minds of married working women than on unmarried ones. The facility to encash the investments whenever required was also an important objective while deciding to invest. The working women were significantly influenced by marketing skills of investment advisors and she decided for investments on her own or on the guidance of her husband or other family members.

**Obamuyi (2013)** had done study on the factors influencing investment decisions in capital market of individual investors in Nigeria. The study seeks to determine the main factors influencing investment decisions of investors and how these factors were related to the investor's socio-economic characteristics in Nigeria capital market. It was found that the five most important factors of investment decisions in Nigeria capital market in order of importance were: Past performance of company's stock, expected stock split/capital increase/ bonus/dividend policy, Expected Corporate earnings and get rich quick and least influencing factors were: religions rumours, loyalty to company products or services, opinions of members of family and expected losses in other investments. The socio-economic characteristics of investors (age, gender, marital status and education qualification) had statically influence on the investment decision of investors in Nigeria. **Ramprasath et.al (2013)** conducted survey on the individual investor's behavior towards selected investment of Kattumannar Koil Taluk, Cuddalore district, Tamilnadu, India and found that Majority of the investors had been motivated by factor safety. **Shannmugham et.al (2012)** had done study on the impact of social factors on individual investor trading behavior. The study was conducted with the objective to study the impact of social factors on individual investor's trading behavior and it was found that the social interactions and media were found to have positive relationship with attitude towards trading Further among the social factors social interaction was found to had major impact on the attitude towards trading followed by media. There also existed a strong positive correlation between attitude perceived behavioral control and intention towards trading whereas subjective forms was found to be negatively related with intention towards trading. Hence it was concluded that social factors influence the trading behavior of individual investors. **Das (2013)** had examined small investor's perception on mutual funds in Assam and concluded that the mostly small investors had positive approach towards investing in mutual funds. It was revealed that liquidity, flexibility, tax saving, service quality and transparency were the factors which had a higher impact on the perception of investors. Therefore it was imperative on the part of fund managers to enhance these features for attracting more investors and also to retain the trust of investor in them. **Katrasova (2013)** conducted survey on the factors forming irrational Lithunian individual investor's behavior and stated that the women were more over confident investors than men. In addition there was direct connection between investment experience and influence of over confidence was noted. More experienced was an investor, more over confident he/she was. It was also concluded that investors with economic financial education stated that their investment skills were good or every good. It was also concluded that almost half of the researched investors noticed the influence of their mood on their investment decision. The strongest factors that could influence investor's mood turned to be mass media information weather conditions and results of sports competitions. Thus it was concluded that influence of factors forming irrational individual investor's behavior depends upon on their personal characteristics such as age, experience gender and profession. **KantiDas (2011)** had conducted survey on an empirical analysis on preferred investment avenues among rural and semi-urban households and concluded that insurance product still remains the most preferred investment avenues of households. The study also revealed that certain factors like education level, awareness about financial system, age of investors had significant effect while deciding on the avenues for investment. Further it was also observed that level of income also influenced the investment decisions. Higher income group showed relatively high preference towards investment in share market, conversely lower and average income group showed keen preference towards insurance and banks as the most preferred investment avenues. **Kaur et.al (2012)** had done study on understanding individual investor's behavior and stated that the individual's decision to invest in the financial

market was greatly influenced by variety of benefits each individual wanted from owning a particular stock. It was also concluded that investor's portfolio practices, preferences, risk perceptions, intentions, pattern of investment and their awareness level affected portfolio decision of investor. Knowledge about the expectations, demographic profile, attitude of an investor towards risk, personal circumstances played a vital role in the financial market. **Achar (2012)** had done study on saving and investment behavior of teachers and it was analyzed that individual characteristics of teachers such as age, gender, marital status and life style determined the saving and investment behavior of teaching community. More over their family characteristics such as monthly family income, stage of family life cycle and up bringing status emerged as determinants of their saving and investment behavior. **Chaturvedi et.al (2012)** examined the saving pattern and investment preferences of individual households in India. The objective of the study was to study the awareness and preference of investors for different investment option available to them and to analyze the factors influencing their perception and preferences and it was concluded that income level and educational level effected the level of awareness and safety of investment as their first objective in choosing the investment alternatives after that income generation, tax benefit, liquidity, diversification were objectives in choosing investment alternatives.

### 3. FACTORS AFFECTING INVESTMENT DECISION

From the various literature reviews, the most influencing factors of investment decisions are as follows. These are indentified under following heads.



#### Demographic factors

Demographic factors refers to those personal characteristics of investors that are used to collect and evaluate the data of people in population. Demographic factors include age, sex, occupation, income level and marital status of people etc.

#### Economic factors

Economic factors refers to those set of fundamental factors that effects an value of investment of people. Economic factors include income, price, interest rate, government policies and tax rates etc.

#### Psychological factors

Psychology is the study of mind set and all aspects of human behaviour. Psychological factors include risk tolerance, over confidence, excessive optimistic and excessive pessimistic etc.

#### Social factors

Social factors reflect the region and socio economic background from which he/ she comes. Social factors include the family, religion, Caste, media, internet etc.

## Organizational factors

Organizational factors relates to the organization of the employees. It includes the working conditions, pay scale, retirement benefits, job securities, incentives and promotion of employees.

## 4. SUMMARY OF THE FACTORS AFFECTING INVESTOR DECISION MAKING BEHAVIOUR

Author	Year	Topic of the study	Factors affecting the investors decision making behaviour
Amir Barna et.al	2010	Determinants of Investor Behaviour	Age, Gender, Education of investors
Geetha et.al	2011	People's Preference in Investment Behavior	Age of investors
Balwinder Singh et. Al	2011	Determinants of Investment Decisions of Working Women	Marketing skills of advisors, Guidance of husband and family
Sanjay Kanti Das	2011	An Empirical Analysis on Preferred Investment Avenues Among Rural and Semi-Urban Households	Education level, Awareness about financial system, Age of investors
Dhiraj Jain et.al	2012	Study of Saving and Investment Pattern of School Teachers of Udaipur District.	High Interest Rate
Shannmugham et.al	2012	Impact of Social Factors on Individual Investor Trading Behavior.	Social interactions and media
Mandeep Kaur et al	2012	Understanding Individual Investor's Behavior	Investor's portfolio practices, Preferences, risk perceptions, Intentions, Pattern of investment, and Awareness level
Ananthapadh Manabha Achar	2012	Saving and Investment Behavior of Teachers	Age, Gender, Marital status ,Monthly family income, Stage of family life cycle
Meenakshi Chaturvedi et.al	2012	Saving Pattern and Investment Preferences of Individual Households in India	income level and educational level
Tomola Marshal Obamuyi	2013	Factors Influencing Investment Decisions in Capital Market of Individual Investors in Nigeria.	Past performance of company's stock, Expected stock split/capital, increase/ bonus/dividend policy, Expected Corporate earnings, Age, Gender, Marital status, Educational Qualification
Ramprasath et.al	2013	Individual Investor's Behavior Towards Selected Investment of Kattumannar Koil Taluk, Cuddalore district, Tamilnadu, India	Safety of investment
Sanjay Das	2013	Small Investor's Perception on Mutual Funds in Assam	Liquidity, Flexibility, Tax saving, Service quality and Transparency
Jekaterina Katrasova	2013	Factors Forming Irrational Lithuanian Individual Investor's Behavior	Investment Experience and Over Confidence of investors

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## 5. CONCLUSION

It can be concluded from above literature reviews that there are lot of factors affecting the investor's decision making behaviour. Some factors affect majorly while other factors affect slightly.

These factors can be identified as demographic factors, economic factors, social factors, psychological factors and organizational factors. The most common or general factors affecting the investor decision making behaviour are age, gender, education, marketing skills of advisors, guidance of husband and family, high interest rate, awareness about financial system, social interactions, media, investors portfolio perceptions and preferences, risk attitudes, marital status, monthly family income, family life cycle stage, Past performance of company's stock, Expected stock split/capital increase/ bonus/dividend policy, Expected Corporate earnings, safety, liquidity, flexibility, Tax saving, Service quality, transparency, investment experience and over confidence of investors.

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